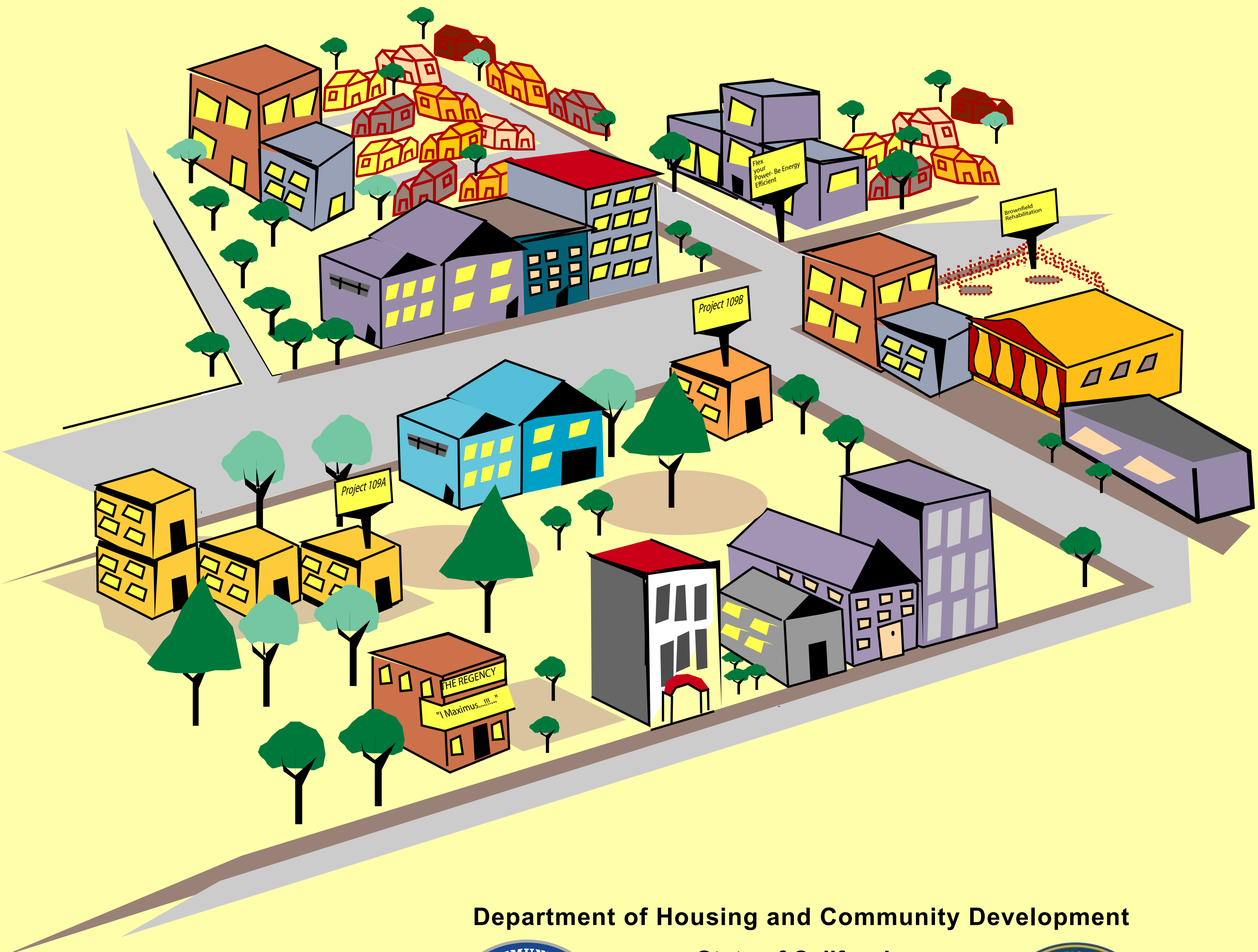
Redevelopment Housing Activities

Fiscal Year 2002-2003



Department of Housing and Community Development

State of California

Arnold Schwarzenegger, Governor

Sunne Wright McPeak, Secretary,

Business, Transportation and Housing

Lucetta Dunn, Director, HCD

California Redevelopment Agency Housing Activities During Fiscal Year 2002-2003

STATE OF CALIFORNIA

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Business, Transportation and Housing Agency

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July 2004

FOREWORD

FY 2002-2003 represents the nineteenth year the State Department of Housing and Community Development (HCD) has reported on redevelopment agencies' use of the Low and Moderate Income Housing Fund (Low-Mod Fund). California has 535 city and county governments of which 414 have a redevelopment agency.

California's Affordable Housing Crisis and Role of Redevelopment Agencies

As reported by many sources, California's housing crisis worsened because of the inadequate balance between supply and demand which adversely impacts affordable housing. Annual housing need forecasts continue to be above 220,000 units exceeding last year's production estimate of 195,000 units based on localities reporting building permits to the Construction Industry Research Board. California's population is projected to annually increase by 600,000 over the next decade. More households results in an increase in demand, particularly for affordable housing. The state's inability to meet its housing demand result in increased housing costs and more overcrowded households. The cost of shelter continues to burden more households. The increase in California's housing prices has negated the benefit of low mortgage interest rates.

Community redevelopment agencies play a vital role with local government and private industry. Agencies' Low and Moderate Income Housing Funds (Low-Mod Funds) have long been the largest source of funds steadily available to encourage the production of more affordable housing. To better address California's continuing affordable housing needs, more effective participation of all levels of government and the private sector is needed.

Redevelopment Law and Agencies' Reporting Requirements

Redevelopment Law (Health and Safety Code, Section 33080) requires agencies to report to HCD within six months of ending the reporting fiscal year. Agencies must report Low-Mod Fund deposits, revenues, expenditures, and balances. Regarding housing activities, agencies must report, by project area, specified data on households assisted such as the number of elderly and non-elderly and the income levels of the households. Pursuant to H&SC Section 33080.6, HCD is required to compile agency data and publish an annual report on redevelopment agencies' housing activities.

Data Reporting Problems

Although problems concerning accuracy, consistency, and timeliness have improved, reporting problems continue and impact the accuracy of the report. Accurate reporting is important to identify and analyze important trends regarding use of housing funds, and the overall effectiveness of redevelopment law, housing revenues, expenditures, and activities. To improve the accuracy and timeliness of reporting, HCD implemented an electronic on-line reporting system to facilitate agencies' efforts to accurately and timely report data. Over the past four years, HCD has made enhancements to the program to make the system more user friendly, and conducted several training sessions in an effort to encourage agencies to report on line. The online system allows HCD to identify, and in coordination with agencies, make corrections to accurately report financial data and housing assistance efforts. As a result of HCD's training, 185 agencies (nearly half of all reporting agencies) used HCD's on-line system to electronically file this reporting year. Increased online reporting has decreased erroneous entries. HCD will continue to improve its electronic reporting system and encourage agencies to report on-line to help make annual reporting easier, faster, and more accurate.

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Exhibits and Appendices (continued)

REPORT ON CALIFORNIA REDEVELOPMENT AGENCIES' HOUSING FUNDS AND ACTIVITIES

Fiscal Year 2002-2003

EXECUTIVE SUMMARY

The data compiled and reported by HCD on redevelopment agencies' housing funds, activities, and assistance provides comprehensive and objective data concerning redevelopment agencies' use of their Low and Moderate Income Housing Fund (Low-Mod Fund). Agency reported data can be used to determine compliance with provisions of redevelopment law (Health and Safety Code, Section 33000, et.seq.), evaluate the effectiveness of agencies' use of Low-Mod Funds, and assess the extent to which agencies' programs, projects, and assistance help to increase, improve, and preserve the supply of low and moderate-income housing.

Compared to last year, agencies reported a 30 percent increase in deposits of $1.1 billion to the Low-Mod Fund and a 15 percent increase in expenditures of $818 million. Agencies reported total fund equity of more than $2.2 billion.

Based on information agencies reported for Fiscal Year 2002-2003, this report discusses certain trends regarding the amount and use of agencies' funds and the results of agencies' housing activities. Incomplete or inaccurate reporting continues to hinder efforts to evaluate agencies' compliance with redevelopment law and agencies' housing programs and projects. Financial and housing activity data are displayed in the Exhibits A-M, with related detail discussions in the front of each exhibit.

Highlights of redevelopment agencies' use of funds for housing activities and assistance are provided on the following page. A full summarization of agency data are in the body of the report that follows.

HIGHLIGHTS - HOUSING FUND

- *Agencies **deposited $1.1 billion** to the housing fund, **an increase of 251 million** (30 percent) compared to the previous year.*
- *Agencies **spent $818 million** of housing funds, **$106 million** (15 percent) more than last year.*
- ***Total Fund Equity exceeded $2.2 billion** at the end of Fiscal Year 2002-2003.*
- ***The statewide Unencumbered Balance reported at year end was $944 million** which represents the amount available for future housing activities. Of this unencumbered amount, agencies reported **$312 million as designated** for use in the near term, leaving **$633 million as undesignated** and immediately available for housing activities.*
- *Five agencies **exempted $12.9 million** of tax increment from deposit to their housing fund.*
- *Nine agencies **deferred $3.3 million** of tax increment that must be repaid to the Low and Moderate Income Housing Fund. Fourteen agencies **repaid $3.8 million for deferrals** taken in previous years. The housing funds' accumulated **deferral balance represents $175.6 million**.*
- ***No agencies reported Excess Surplus for FY 2002-2003** whereas last year, 46 agencies reported $65.6 million. Redevelopment law specifies Excess Surplus occurs when the unencumbered balance exceeds the greater of $1 million or the combined amount of tax increment deposited over the preceding four fiscal years. To avoid penalty, agencies must either transfer their Excess Surplus to the local housing authority within one year or spend or encumber all Excess Surplus within two additional years.*

HIGHLIGHTS - HOUSING ACTIVITIES

- *Agencies **assisted 22,549 households.** Assistance to elderly households totaled 7,538 and to non-elderly households totaled 15,011. Agencies used Low-Mod Funds to assist the following households: **9,309 very-low (41%); 8,635 low (38%), and 3,285 moderate (15%).***
- *Agencies reported assisting **6,268 units with affordability restrictions to fulfill the "inclusionary" requirement:** 4,416 units were reported as new construction, 1,374 units were rehabilitated and 478 multifamily units were provided with long term affordability covenants.*
- *Low-Mod Funds assisted in the **replacement of 1,545 units** that were counted toward agencies' obligations to replace units destroyed over the last four years.*
- *Agencies reported **other activities** (other than inclusionary or replacement activities) **assisting in constructing 3,164 units; rehabilitating 4,328 units; subsidizing 1,929 households and providing several other kinds of assistance benefiting an additional 5,315 households.***
- *Thirty-seven agencies reported **810 dwelling units were destroyed** in FY 2002-2003, and 34 agencies reported **586 units need to be replaced**. Twelve agencies displaced a total of 78 households in the current year and for next year 26 agencies estimate 343 households will be displaced.*

Redevelopment Agency Activities – Fiscal Year 2002-2003

This summary discusses the financial status of agencies' Low-Mod Funds and agencies' housing production and assistance activities over the reporting fiscal year. The Housing Funds section reports on Low-Mod Fund revenues and expenditures from data displayed in Exhibits A through D. The Housing Activities section reports data contained in Exhibits E through M and the number of low and moderate income households assisted by income category. Exhibit data reflects information reported by most but not all 414 redevelopment agencies. Agencies not appearing in particular exhibits may not have any activity to report or may have been inactive over the reporting year. Twenty-eight agencies are described as inactive because they had no housing funds to spend over the reporting year. An example of an active agency not appearing in one common exhibit, such as Exhibit A that reports project area revenues, but appearing in Exhibit C-1 because of expenditures or having a fund balance could be the result of a new agency having borrowed funds because the project area has not generated tax increment.

All redevelopment agencies are required to annually report Low-Mod Fund information to HCD within six months after the fiscal year end. Agencies have the option of reporting either electronically or by completing paper forms (Schedules A-E are at Appendix B).

HOUSING FUNDS

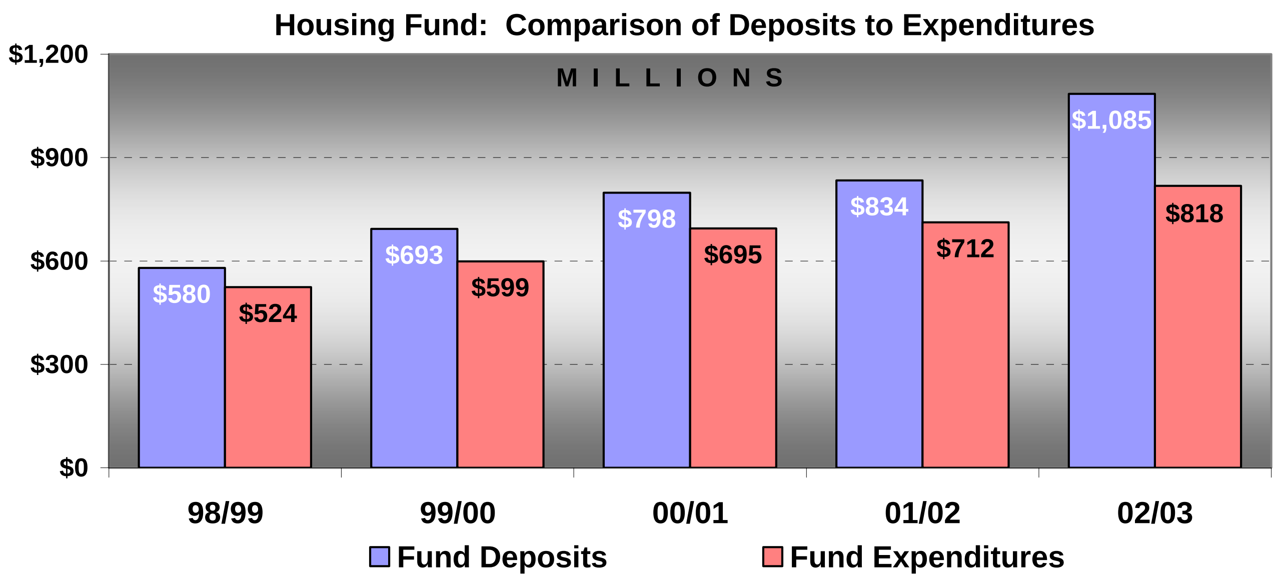
This part reports on the statewide sources and uses of agencies' Low-Mod Funds. Amounts specific to redevelopment project areas are reported in Exhibits A-1 and A-2. Tax increment that some agencies are allowed to exempt and/or defer from deposit is reported in Exhibits B-1 and B-2. Low-Mod Fund data (such as total revenues, expenditures, assets, and fund balances, etc.) are reported in Exhibits C-1 through C-8. Exhibit D requires agencies to report Excess Surplus (unused funds exceeding a million dollars). This summary reports financial data that have been rounded.

Sources of Housing Funds (Exhibits A-1, A-2, and C-1)

Agencies deposited close to $1.1 billion to the Low-Mod Fund (Exhibit C-1), $250 million more than the prior year. Deposits consisted of more than $936 million of project area receipts and $148 million of Low-Mod Fund (non-project area) revenues such as bond proceeds and transfer amounts. Sources of project area receipts (Exhibit A-1) consist of $548 million in tax increment deposits, $3.3 million in repayments of tax increment deferred in past years, and $400 million of additional income (Exhibit A-2). Additional income includes $229 million in debt proceeds, $37 million in interest, $48 million from loan repayments, $8 million from sales of real estate, $10 million from rents and leases, $3 million from grants, $66 thousand received in fees for agency administration of bonds, and $64 million reported as other income from various sources other than those identified above.

<u>Low-Mod Fund Comparison of Deposits to Expenditures</u> (Exhibit C-1)

Comparing annual deposits and expenditures over five years shows that both have consistently increased and that deposits have continued to increase more than expenditures. For FY 2002-2003, deposits were 30 percent higher than last year and expenditures increased 15 percent. Over the same year, agencies only spent 75 percent of deposits, increasing the Low-Mod Fund by $257 million.



<u>Tax Increment Exemptions and Deferrals</u> (Exhibits A-1, B-1, B-2, and C-2)

<u>Exemptions</u>
Health & Safety Code Section 33334.2(a) allows agencies an exemption from depositing funds into the Low-Mod fund under very limited circumstances. Before taking an exemption, the agency's jurisdiction must have an adopted housing element that HCD determined complies with State housing element law. Also, agencies must annually adopt a resolution making one of the following findings:

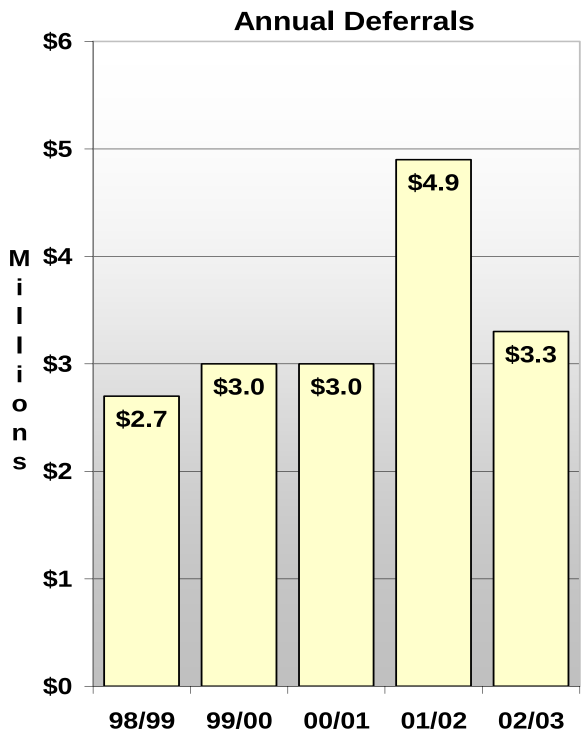
- The community has no need to increase, improve or preserve the supply of affordable housing
- Less than the required minimum (20%) set-aside is sufficient to meet the community's need
- Obligations incurred before May 1991 are being met as the community is making a substantial effort to meet its affordable housing need that is equivalent in value to the set-aside amount.

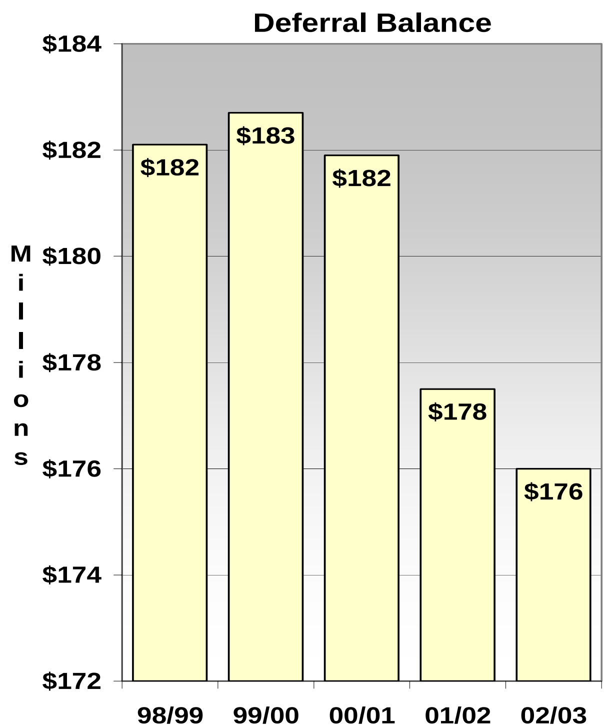
Exhibit B-1 reports five agencies (Brea, Industry, Paramount, Needles, and Rosemead) exempted $13 million of tax increment from deposit to the Low-Mod Fund. In the prior year, six agencies, including the five above, exempted $12.9 million from deposit. For the current reporting year, the jurisdictions of all five agencies met the requirement of first adopting a compliant housing element before taking an exemption. Each agency also reported making a required finding and adopting a required resolution. Agencies' exemption findings and resolutions are required to be submitted to HCD, however, there is no requirement for HCD to make a determination of compliance.

<u>Deferrals</u>
Redevelopment law also allows agencies, under specified conditions, to defer set asides to the Low-Mod Fund. Deferrals are allowed when funds are needed to repay certain debt specified in redevelopment law. Deferrals of tax increment reported in Exhibit B-2 constitute a debt to the

Low- Mod Fund and agencies are required to develop repayment plans. Deferrals are treated as long-term receivables reported in Exhibit C-2 as Additional Assets. Agencies' deferral balance was $176 million at the end of FY 2002-2003. Deferrals account for 20% of total housing fund assets of $885 million.

For this reporting year, nine agencies deferred $3.3 million whereas 14 other agencies repaid $3.8 million in prior year deferrals. The graph on the left shows deferrals this reporting year of $3.3 million, a decrease of $1.6 million compared to last year. Although the graph on the right shows deferrals have generally declined over the last five years, it also shows a significant deferral balance of $176 million is still owed to the Low-Mod Fund.





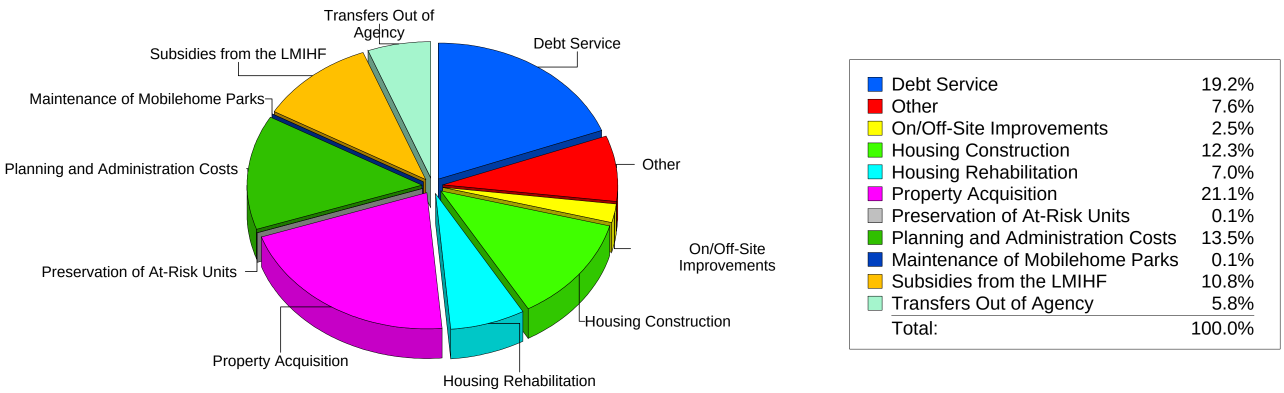
<u>Uses of Housing Funds</u> (Exhibits C-1 through C-8)

Agencies spent $818 million over FY 2002-2003, an increase of 15 percent over the previous year. Agencies only report expenditures by categories and do not identify expenditures according to the income levels of households assisted. Therefore, only inferences can be made about agencies' use of housing funds to assist households of various income levels based on housing assistance described in the Housing Activities section of this report. For example, agencies reported assisting a total of 22,549 households, 19,405 (86 percent) from the Low-Mod Fund. Non-elderly households comprised 66 percent of total households assisted. By income category, agencies reported using their Low-Mod Fund to assist the 19,405 households in the following categories: very-low (44 percent); low (40 percent); and moderate (16 percent). Agencies reported using "other" funds to assist 3,262 units. Twenty-nine percent were in the very low category, 25 percent low, 4 percent moderate and 42 percent in the above-moderate category.

Housing fund expenditures are broken out into eleven major categories. Debt service and related other ($219 million, Exhibit C-5) represents the largest category (nearly 27%) due to deposits of bond proceeds. Property acquisition ($172 million, Exhibit C-3), approximating 21 percent, makes up the second largest expenditure category.

The display below shows the percentage that each major category comprises of the $818 million of Low-Mod Fund expenditures. Some categories consist of several related expenditures that agencies report on HCD Form Schedule C (see Appendix B). For example, Property Acquisition includes nine items such as costs for relocation, site clearance, and disposal, etc.

Fiscal Year 2002-2003 Uses of Housing Funds



Debt Service	**157,078,076**
Other	**62,221,182**
On/Off-Site Improvements	**20,333,336**
Housing Construction	**100,700,270**
Housing Rehabilitation	**57,099,072**
Property Acquisition	**172,467,363**
Preservation of At-Risk Units	**1,173,733**
Planning and Administration Costs	**110,411,173**
Maintenance of Mobilehome Parks	**637,910**
Subsidies from the LMIHF	**88,388,875**
Transfers Out of Agency	**47,297,860**
Total Expenditures:	**817,808,850**

<u>Planning and Administration Costs</u> (Exhibits C-7 and C-8)

Agencies reported planning and administration costs of $110 million, approximately $8 million more than the $102 million reported the prior year. Planning and administration costs represent 13.4 percent of total expenditures, a slight decrease compared to the previous reporting year.

Exhibit C-7 shows amounts agencies spent on such categories as administration; planning; survey and design; and professional services. For FY 2002-2003, Exhibit C-8 shows 26 agencies reported planning and administration costs comprising 100 percent of total expenditures, one more agency than last year. However, 74 agencies reported spending above 50 percent, 14 agencies more than last year. A chart indicating the agencies that have consecutively reported over the last four years planning and administration expenses of fifty percent or more of total expenditures is presented on the next page.

Redevelopment law specifies that agencies' planning and administration charges should "not be disproportionate to the amount actually spent" on affordable housing. Agencies are required to make an annual determination that planning and administration charges are "necessary for the production, improvement, or preservation" of affordable housing. Based on several agency audits the Department has conducted since 1998, some agencies do not make the required annual determination and finding that planning and administration charges are not disproportionate.

As there is much variation among agencies, reasons for high planning and administration costs also vary and may include changes in: revenue; staff; and, more particularly, the number, size, and development timeframes of projects. The table below identifies 13 agencies that reported planning and administration costs of more than 50 percent for each of the last four years.

Agencies Reporting Planning and Administration Costs Exceeding 50 Percent of Expenditures Over Last Four Fiscal Years

AGENCY	FY 2002-2003	FY 2001-2002	FY 2000-2001	FY 1999-2000
ARCADIA	100%	100%	100%	100%
BRAWLEY	61%	53%	84%	67%
DUARTE	66%	63%	62%	100%
ESCONDIDO	52%	50%	69%	68%
HERCULES	100%	100%	100%	100%
KINGSBURG	100%	100%	100%	100%
MONTEREY PARK	86%	89%	93%	81%
PLACER COUNTY	52%	50%	71%	100%
RIALTO	95%	80%	100%	66%
RIO VISTA	97%	97%	100%	100%
SAN BUENAVENTURA	100%	100%	100%	100%
SONORA	100%	100%	100%	100%
TULARE	100%	100%	100%	73%

The next table reports the details of agencies' planning and administration costs comprising the percentages reported for Fiscal Year 2002-2003.

FY 2002-2003 Planning and Administration Cost Details

AGENCY	Admin Costs	Other	Planning Survey - Design	Professional Services	TOTAL
ARCADIA	$104,593				$104,593
BRAWLEY	240,852				240,852
DUARTE	$130,000		$18,840	$38,256	$187,096
ESCONDIDO	$1,462,572				$1,462,572
HERCULES	$132,902	$830,000	$1,290		$964,192
KINGSBURG	$2,243			$3,500	$5,743
MONTEREY PARK	$884,597		$15,800	$71,690	$972,087
PLACER COUNTY	$234,556		$24,767		$259,323
RIALTO	$950,919				$950,919
RIO VISTA	$43,943	$24,998		$5,645	$74,586
SAN BUENAVENTURA	$47,177	$5,817	$73,296	$26,505	$152,795
SONORA	$5,199				$5,199
TULARE	$86,360			$16,760	$103,120

<u>Status of Housing Funds and Assets</u> (Exhibits C-1 and C-2)

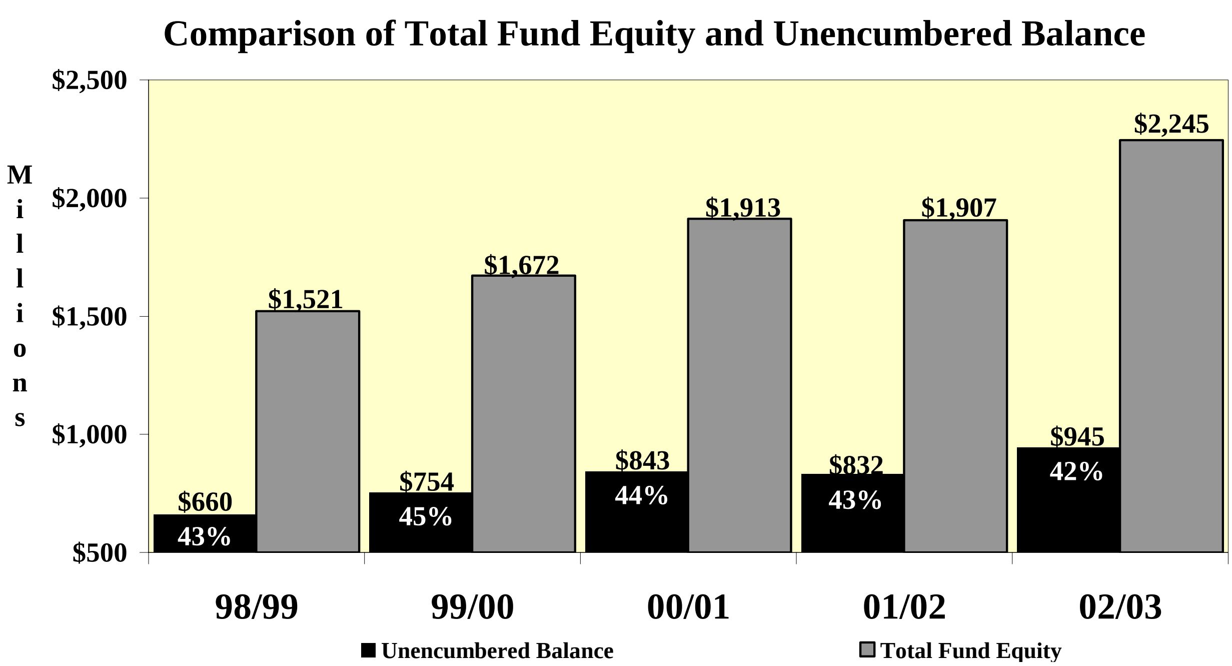
Exhibit C-1 shows agencies started Fiscal Year 2002-2003 with an Adjusted Beginning Balance of $1.1 billion, $93 million more than the year before. Agencies ended the year reporting $1.4 billion as Net Resources Available, an increase of over $300 million from the previous year. The amount representing Net Resources Available is determined by combining the Adjusted Beginning Balance ($1.1 billion) with Project Area Receipts ($936 million) and Housing Fund Revenues ($148 million) and subtracting Total Expenses ($818 million).

Agencies reported Total Fund Equity in excess of $2.2 billion, an increase of more than $333 million compared to last year. Total Fund Equity represents the sum of Net Resources Available ($1.4 billion) and Housing Fund Assets ($885 million). Housing Fund Assets (Exhibit C-2) consist of the following: (1) receivable loans totaling $450 million made up of housing loans, residual receipt loans, and transfers to the Education Revenue Augmentation Fund; (2) land holdings of $197 million; (3) accrued deferrals of $176 million; and (4) other assets of $63 million. All housing fund assets are considered long-term receivables not immediately available to assist with housing activities.

Funds Available for Future Housing Activities (Exhibit C-1)

Of the nearly $1.4 billion agencies reported as Net Resources Available, $415 million was reported as encumbrances which are funds agencies have committed to cover executed agreements and contracts. This leaves $944 million as the Unencumbered Balance. From this amount, agencies then report unencumbered funds tentatively designated for specific purposes and the undesignated amount agencies have not yet planned or budgeted for expenditure. At the end of the reporting year, agencies reported designating $312 million for specific activities in the near term. The approximate $633 million remaining represents funds both unencumbered and undesignated that are considered to be currently available to spend on housing activities.

As depicted in the chart below, the Low-Mod Fund's Unencumbered Balance still hovers around 42 percent of Total Fund Equity. Also, over FY 2002-2003, agencies increased both the Low-Mod Fund's Unencumbered Balance and Total Fund Equity (respectively 14 and 18 percent, the highest increases among all years). Regarding the Unencumbered Balance percentage of Total Fund Equity that has fluctuated near 42 percent, one reason for this may be agencies that desire to save funds over multiple years for large or difficult projects. Another reason could be that agencies choose not to fully spend deposited debt proceeds.



This reporting year, 178 redevelopment agencies reported an unencumbered balance over $1 million, whereas 180 agencies did so the year before. Of this year's 178 agencies, 128 reported an unencumbered balance between $1 and $5 million; 27 reported between $5 and $10 million and 23 ended the year with an unencumbered balance more than $10 million. The sum of these 23 agencies' unencumbered balance is approximately $466 million, 49 percent of the statewide Unencumbered Balance of $967 million.

The table below identifies the 23 agencies that reported ending the year with an Unencumbered Balance over $10 million as well as their unencumbered balances for the two previous years. Also shown is the percent of revenue spent each year. The percent of revenue spent is provided to demonstrate that an agency can have a large Unencumbered Balance after spending some or all of the year's revenues. This can occur from agencies carrying over a prior year's balance and also from not spending debt proceeds. The percentages in the table below compare annual expenditures against annual revenues. For all three years, only four agencies (Glendale, Orange County, Palm Desert, and West Covina) stand out as consistently spending less than 75 percent of annual revenues.

Agency	Unencumbered Balance Millions	*Percent of Revenues Spent*	Unencumbered Balance Millions	*Percent of Revenues Spent*	Unencumbered Balance Millions	*Percent of Revenues Spent*
	Fiscal Year 2002-2003		Fiscal Year 2001-2002		Fiscal Year 2000-2001	
CATHEDRAL CITY RDA	$13.0	67%	$2.9	*103%	$5.2	50%
CORONADO CRA	$11.0	36%	4.1	*180%	$5.4	25%
CULVER CITY RDA	$11.0	53%	$8.3	73%	$6.8	77%
EL CAJON RDA	$10.0	68%	$4.9	*159%	$3.3	90%
FONTANA RDA	$20.0	57%	$12.0	51%	$8.0	82%
FREMONT RDA	$12.7	*116%	$13.8	40%	$10.4	40%
GLENDALE RDA	$10.9	73%	$9.7	37%	$8.9	27%
INGLEWOOD RDA	$21.7	74%	$20.6	92%	$21.0	16%
IRWINDALE CRDA	$24.6	*326%	$25.8	*101%	$26.8	53%
LANCASTER RDA	$71.9	3%	$4.4	85%	$4.6	*399%
LOS ANGELES CITY CRA	$35.2	76%	$40.0	52%	$10.9	57%
ORANGE COUNTY RDA	$14.0	67%	$13.0	25%	$10.6	52%
PALM DESERT RDA	$19.6	71%	$11.8	64%	$1.2	43%
PALMDALE CRA	$10.8	93%	$0.0	89%	$1.0	64%
S.F. CITY & COUNTY RDA	$40.7	56%	$4.2	*101%	$14.6	*105%
SACRAMENTO CITY& COUNTYRDA	$27.6	58%	$21.6	86%	$20.6	*119%
SANTA ANA CRA	$23.6	59%	$17.9	78%	$17.1	63%
SANTA CLARA CITY RDA	$16.4	53%	$17.0	57%	$19.6	78%
SANTA CRUZ COUNTY RDA	$20.5	*115%	$17.1	*164%	$20.2	28%
SANTA MONICA RDA	$11.5	*122%	$11.7	40%	$4.5	90%
SOUTH SAN FRANCISCO RDA	$11.5	83%	$10.8	63%	$9.6	83%
WEST COVINA	$16.1	0%	$12.6	23%	$4.7	38%
YORBA LINDA RDA	$15.2	-20%	$14.7	87%	$20.2	4%

* *A percentage greater than 100 percent shows the agency spent more than the year's total revenues by also spending a portion of the Low-Mod Fund balance accrued over previous years.*

<u>Excess Surplus</u> (Exhibit D)

No agencies reported having Excess Surplus over Fiscal Year 2002-2003. Excess Surplus is defined as the amount of unencumbered balance that exceeds the greater of: (1) $1 million dollars or (2) the combined amount of tax increment revenue deposited to the Low-Mod Fund during the preceding four fiscal years. Agencies are permitted to adjust their unencumbered balance to exclude from the excess surplus calculation both the amount of any unspent debt proceeds and the difference between the fair market value and sale price of land.

Since July 1994, redevelopment agencies have been required to determine the existence of Excess Surplus on the first day of each fiscal year and annually report this information. The law (Section 33334.12) specifies administrative and financial penalties to apply, if agencies do not eliminate Excess Surplus funds within prescribed time periods. To avoid penalties, agencies must either: (1) transfer the total amount of Excess Surplus to the local housing authority within one year or (2) spend or encumber the remaining Excess Surplus within two additional years.

To improve the accuracy of determining Excess Surplus, redevelopment law was amended in 1999 (Assembly Bill 634, Wildman) to require an agency's independent auditor to calculate and report Excess Surplus as part of the agency's annual audit. The annual audit report is required to be provided to both the State Controller and HCD. To date, no agencies have been reported as having Excess Surplus beyond the three (3) year time period in which penalties would apply.

Another legislative amendment, signed into law in 2001 (Senate Bill 211, Torlakson), specifies that before an agency can amend pre-1994 project area plans and extend the time limit to incur debt, the agency must submit information to enable HCD to make a written determination that the agency has not accumulated Excess Surplus.

HOUSING ACTIVITIES

This section reports the results of agencies' use of funds (Low-Mod and other) for housing activities. Agencies reported assisting a total of 22,549 households, an increase of nearly 16 percent over the 19,422 households assisted the previous year.

Exhibits E through M display housing assistance data in a variety of ways such as by county, agency, project area, and program and/or housing project, based on agency responses to HCD's reporting forms (Schedules A-E in Appendix B). Data on housing activities that directly assisted eligible households, such as the number of rent subsidies or the number of units constructed or rehabilitated, etc. are reported in Exhibits E through F. Exhibit G identifies the increased inclusionary obligations for future additional affordable units within project areas. These obligations are based on the number of newly constructed units and/or substantially rehabilitated units that were developed in project areas over the reporting year. Exhibits H and I report data on households displaced and dwelling units destroyed or removed.

Exhibits J through M report "Other Housing Activities" that have an indirect or future impact on agencies' housing assistance efforts such as expenditures made for onsite and offsite improvements, housing estimated to occur over the next two years, land holdings, and use of agency funds for a homeownership bond program to match certain federal funds.

Types of Households Assisted (Exhibits E through F)

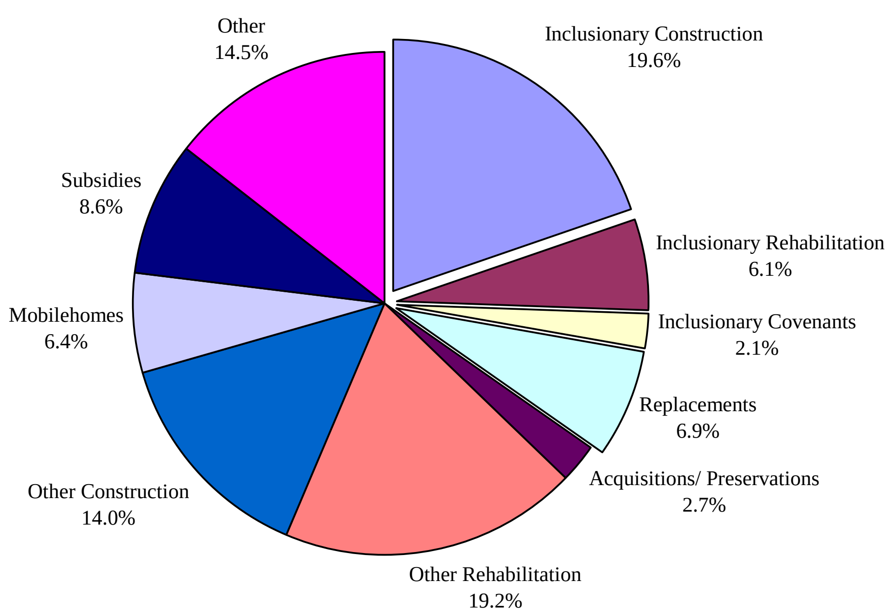
Redevelopment law restricts agencies' use of the Low-Mod Fund to "increasing, improving, and preserving" the community's supply of low-and moderate-income housing. Pursuant to Section 33080.4, agencies are required to annually report specified information to HCD such as: (1) number of elderly and non-elderly households assisted, (2) the number of very-low, low, and moderate-income households assisted with Low-Mod Funds, and (3) the number of above-moderate income households assisted with agencies' other (non Low-Mod) funds. The above information is shown at Exhibits E through Exhibit F.

Exhibit F-1 shows agencies reported assisting 7,538 elderly and 15,011 non-elderly households. Exhibit F-4 describes the following households/units assisted, by income category, using Low-Mod Funds: 8,387 very-low, 7,871 low and 3,147 moderate. Using "other funds" agencies reported assisting, by income category, the following households/units: 922 very low, 764 low, 138 moderate and 1,320 above-moderate.

Kinds of Housing Activities (Exhibits E through F)

Housing assistance activities vary from agency to agency to address the different needs within communities and project areas. Agencies report statutorily required information on HCD forms (Schedules A-E at Appendix B). Information reported on housing assistance activities ranges from developing more affordable units to subsidizing housing costs and/or providing grants to low and moderate income homeowners to help with repairs. The chart below shows all reported housing assistance activities for Fiscal Year 2002-2003.

Housing Assistance Categories



Certain housing activities trigger the replacement and inclusionary requirements of Health and Safety Code Section 33413. This section of law requires agencies to ensure, within a specified timeframe, that additional units are affordable to eligible households either because affordable units were destroyed or additional units were constructed or substantially rehabilitated within project areas. Before Assembly Bill 1290 (Isenberg) took effect in 1994, the types of housing meeting the replacement requirements of Section 33413(a) and the inclusionary requirements of Section 33413(b) consisted of new construction and rehabilitation. Since 1994, inclusionary requirements can be met by new construction and substantial rehabilitation housing activities and, up to 50 percent, by acquisition of affordability covenants.

Number of Households Assisted by Activity (Exhibits E through F)

As previously stated, statewide, redevelopment agencies assisted 22,549 households this reporting year versus 19,422 households last reporting year. The table below reports the number of households assisted by housing activity. Activities are categorized according to whether assistance met the replacement and/or inclusionary requirements of Section 33413 or whether the activity represents other housing assistance. Also reflected is whether assistance was provided with Low-Mod funds (LMIHF) or other agency funds.

FY 2002-2003 TOTAL HOUSING ACTIVITIES AND HOUSEHOLDS ASSISTED

Section 33413 Requirement	Activity: Low-Mod Fund LMIHF	Activity: Other Funds	Total Section 33413	Other Housing Assistance	Activity: Low-Mod Fund LMIHF	Activity: Other Funds	Total Other Housing	TOTAL Assisted Households (All Funds)
INCLUSIONARY	**6,268**		**7,992**	Other Assistance	3,127	137	**3,264**	
Construction	4,416		4,496	Other Construction	1,784	1,380	**3,164**	
Subst Rehab >93	855		855	Other Subst Rehab	416	119	**535**	
Rehab <94	519		519	Other Rehab	2,890	903	**3,793**	
Covenants Acquired	478		478	Acquisition/Preservation	471	134	**605**	
REPLACEMENT	**1,545**		**1,644**	Mblhome & Parks	1,062	384	**1,446**	
				Subsidy	**1,842**	**87**	**1,929**	
Total	**7,813**		**7,813**	**Total**	**11,592**	**3,144**	**14,736**	**22,549**

Refer to Exhibits E-1 through E-14 for detailed information identifying agencies (by county, agency, and project area) and the kinds of housing assistance provided to households based on level of income. Exhibits F-1 through F-4 summarize Exhibit E data in different ways. For example, Exhibit F-1 summarizes which agencies engaged in various activities and identifies the number of households assisted, by income category, according to activity, county of residence, and whether assistance was provided to an elderly or non-elderly household. Exhibit F-2 categorizes housing activities by area (inside or outside of project areas), and whether activity was deemed agency or non-agency assisted. Activities in Exhibit F-3 reflect those that agencies reported as other assistance or that met a Section 33413 replacement or inclusionary requirement in which agencies are required to ensure units remain affordable for at least 45 years for owner-occupied units or 55 years for renter-occupied units. Exhibit F-4 sorts activities based on whether agencies used the Low-Mod Fund or other funds.

Section 33413 Inclusionary Activities (Exhibits E 1-4, F 1-4, and G)

Inclusionary activities refer to housing units with affordability restrictions that agencies control and report as meeting the requirements of Health and Safety Code Section 33413(b), which is commonly referred to as either the inclusionary or production requirement because agencies must ensure a specified percentage of project area housing units are affordable. Section 33413(b) applies to housing that is constructed or substantially rehabilitated within project areas. Agencies are required, within ten years, to ensure a specific percentage of units are provided as affordable to low and moderate-income households and to further ensure such units remain affordable for the longest feasible time, but not less than 45 years for owner occupied units or 55 years for rentals.

For project area dwelling units that agencies develop, the inclusionary percentage is 30 percent of which at least half must be affordable to very-low income households. For project area dwelling units deemed non-agency developed, the inclusionary percentage is 15 percent of which at least 40 percent must be affordable to very-low income households. Housing activities agencies can count toward fulfilling their inclusionary obligation, providing other specified requirements are met, include constructing new units, substantially rehabilitating existing units, and acquiring long term affordability covenants on multi-family units.

Prior to 1994, any kind of rehabilitation activity within project areas increased agencies' inclusionary obligation to provide more affordable units within 10 years. Assembly Bill 1290 amended the law to specify that rehabilitation must be substantial. Substantial rehabilitation is defined as an increase in the after rehabilitation value, including the value of land, of at least 25 percent.

The "2-for-1" inclusionary provision was also introduced by AB 1290. This provision allows agencies to meet their "project area" inclusionary housing obligation by producing two affordable units "outside" the project area for every inclusionary unit required "inside" the project area.

New Construction (Exhibit E-1)

Agencies reported assisting a total of 8,877 newly constructed units (that includes 1,297 required replacement units) among project areas (above the prior year's 6,923) but only 50 percent were reported as having long-term affordability restrictions to meet the inclusionary provision of Section 33413. Most of the year's inclusionary new construction was reported as non-agency developed (6,555) versus agency developed (2,322). Inclusionary new construction benefited the following owner and renter households by income level: 3,634 very-low (41 percent), 2,459 low (28 percent), and 1,762 moderate (20 percent). Most of this construction was inside of project areas (5,031) rather than outside of project areas (3,846).

Rehabilitation—Pre-1994 (Exhibit E-2)

Agencies reported 667 units as having been rehabilitated, slightly more than the 611 reported last year. Low-Mod Funds were used to assist 256 very-low, 366 low, and 45 moderate income households. The majority of rehabilitated units (361) was reported as non-agency developed with most (228) being inside rather than outside of project areas.

Substantial Rehabilitation—Post-1993 (Exhibit E-3)

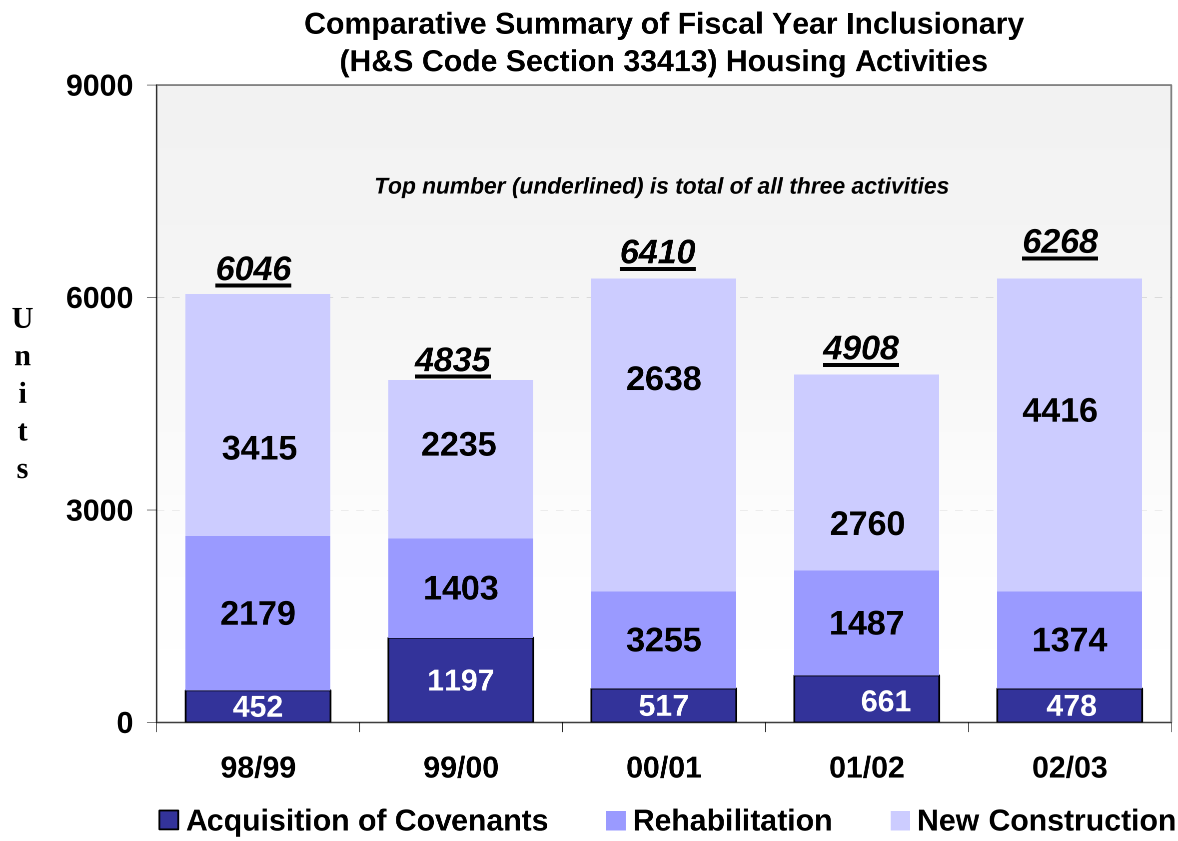
Activity reported as Substantial Rehabilitation decreased as agencies reported using Low-Mod Funds to assist 955 households (that includes 100 replacements) versus 1,080 in the prior year. By income category, assisted households included: 420 very-low, 416 low, and 119 moderate. Agency developed units were reported as 147 and non-agency developed units were 808. A slightly greater number of units (489 or 51%) was assisted inside project areas.

Acquisition of Affordability Covenants (Exhibit E-4)

Agencies can meet up to 50 percent of their inclusionary obligation by purchasing covenants on multifamily units restricting rents to affordable levels for units that are not currently affordable or not expected to remain affordable. During FY 2002-2003, agencies assisted 478 households, considerably less than the 661 reported last year. Households, by income level, represented: 219 very-low and 259 low. Affordability covenants purchased within project areas benefited 162 households whereas 316 were assisted outside of project areas.

Summary of All Inclusionary Housing Activities (Exhibit F 1–4)

The chart below profiles five years of inclusionary housing activities and reflects units assisted with Low-Mod Funds that have long term affordability restrictions (generally more than 30 years) meeting inclusionary requirements. Data fluctuations over the years reflect the moving time periods (10 years) in which agencies are required to fulfill the inclusionary or production obligation incurred over a particular year.



Increase in Inclusionary Obligation (Exhibit G)

For FY 2002-2003, Exhibit G reports agencies increased their inclusionary obligation and must ensure, within the next ten years, an additional 2,235 units must remain affordable for at least 45 years for owner occupied units and 55 years for renter-occupied units. Agencies' increased inclusionary obligation resulted from project area new construction (12,834) consisting of 1,202 agency developed new units and 11,649 non-agency developed new units and substantial rehabilitation (708) consisting of 139 reported as agency developed and 569 reported as non-agency developed. Inclusionary obligations incurred this year (2,235) are slightly above last year's (2,223). Agencies' increased inclusionary obligation is relatively small due to many agencies reporting project area activity as non-agency developed triggering the 15 percent inclusionary requirement instead of the 30 percent requirement for agency-developed projects.

Section 33413 Replacement Housing Activities (Exhibits F 1-4)

Exhibit F-3 shows agencies reported 1,545 units toward meeting their replacement Section 33413(a) obligations. In the prior year, 2,130 replacement units were reported. Replacement obligations are required to be met within four years of removing dwelling units from the housing stock. Agencies reported meeting part of their replacement requirements from new construction (1,297) and substantial rehabilitation (248) activities. Agencies developed 476 units whereas non-agency entities developed 1,069 of all replacement units.

Agency developed replacement units within project areas totaled 1,077 compared to 468 outside of project areas. For non-agency developed replacements units, 786 were within project areas and 280 were outside of project areas.

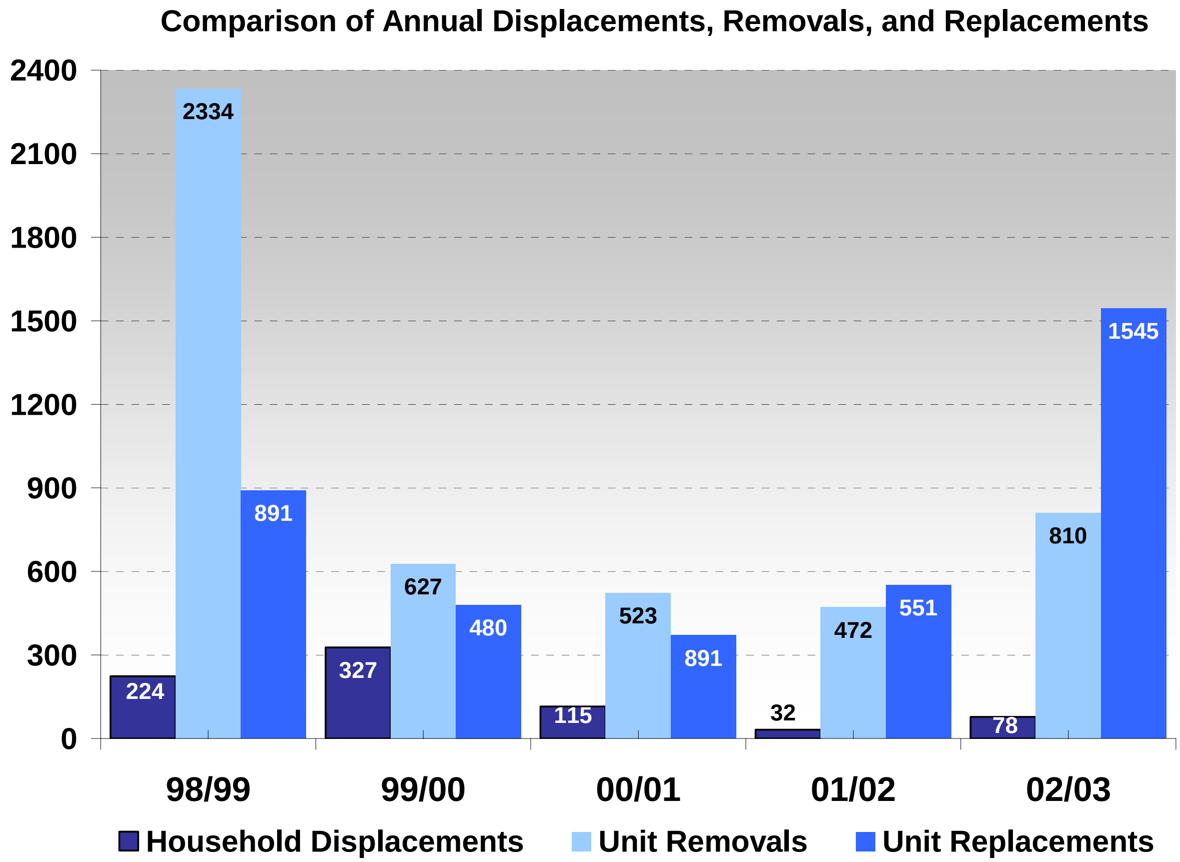
Housing Units Removed and Households Displaced (Exhibits H through I)

As cited in Health and Safety Code section 33413(a) whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing stock as part of a redevelopment project, the agency must replace these units within four years. However, an agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units providing the number of bedrooms among all replacement dwelling units equal or exceed the total number of bedrooms of all destroyed or removed units.

Exhibit H-1 reports 810 units were removed and Exhibit H-2 shows agencies should replace, within four years, 586 units and ensure that replacement units provide at least 1,240 bedrooms. Dwelling units destroyed included 95 occupied by elderly households and 715 occupied by non-elderly households.

As for households displaced over the reporting year (Exhibit I-1), agencies reported 11 as elderly and 67 as non-elderly households. Exhibit I-2 provides agency displacement estimates for the next reporting year indicating agencies anticipate displacing 343 households (60 elderly and 283 non-elderly). Prior to displacing households, agencies are required to develop relocation and replacement housing plans pursuant to Section 33411.

The chart below shows statewide displacement, removal, and replacement activity over the last five years. The large spike (FY 98/99) resulted from one agency reporting data on a closed Air Force Base.



<u>Other Housing Assistance Activities</u> (Exhibits E, F, and J through M)

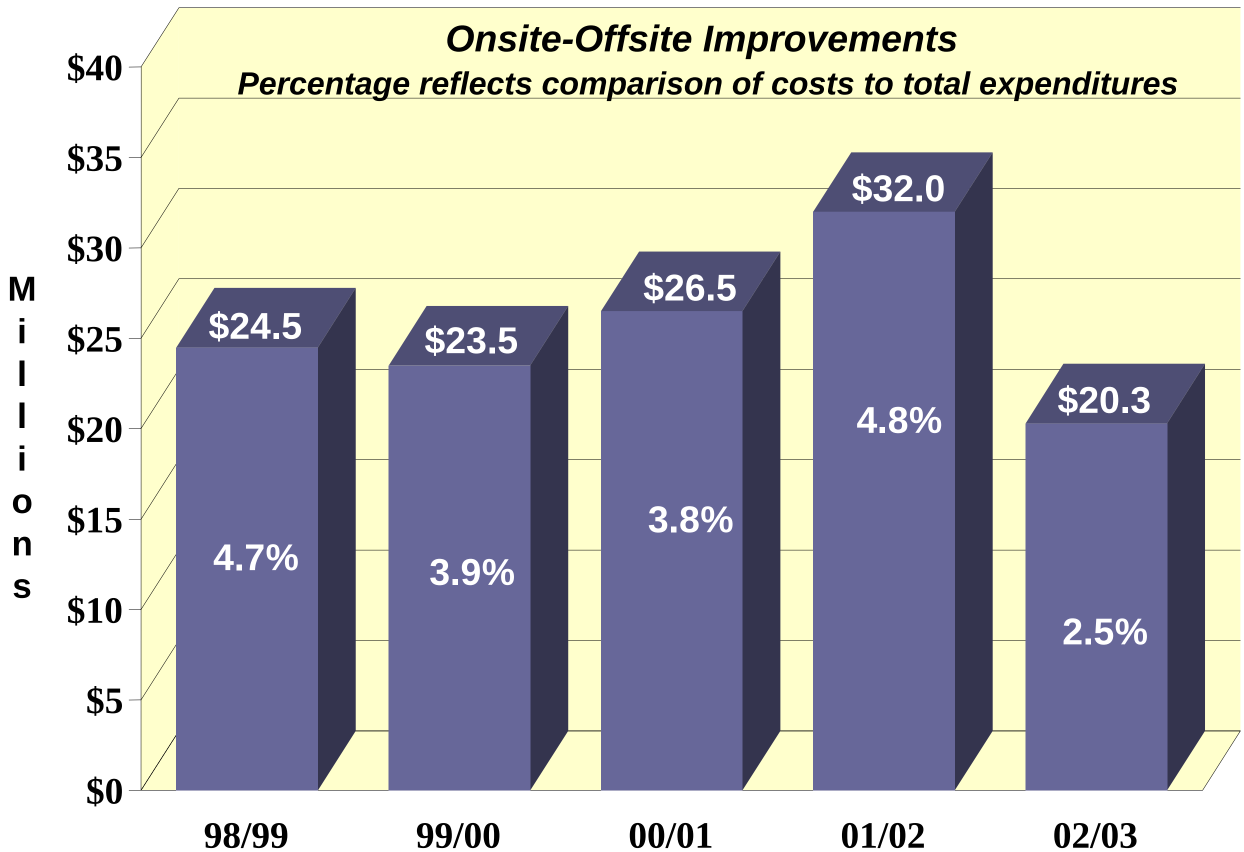
Assistance identified in these exhibits excludes inclusionary and replacement activities and involves assisting households with Low-Mod Funds and/or other funds such as federal and state grants and most agencies' 80 percent of tax increment not required to be set-aside for affordable housing purposes. Since agencies can use funds other than the Low-Mod Fund to assist households, including ones above the moderate income level, some activities reported in Exhibit E through Exhibit F identify above-moderate income households. The new construction and substantial rehabilitation reported as "other" activities represent units agencies did not claim for inclusionary credit, most likely because such units lacked adequate affordability restrictions.

Agencies reported providing many other (non-inclusionary or non-replacement) kinds of assistance to 14,436 households. Most (11,592) were assisted with Low-Mod Funds and the remaining (3,144) with agencies' other funds. As shown in Exhibit F-4, agencies reported using other funds to assist 1,320 above-moderate households (1,022 from new construction). Other reported kinds of activities and the number of households that benefited were: construction (3,164); substantial rehabilitation (535); rehabilitation (3,793); dwelling unit acquisitions (379); preservation of affordable units including subsidized units at risk of conversion to market-rate rents (92); mobilehome park residents (1,287) and mobilehome park owners/residents (159); providing subsidies (1,929) such as for monthly rent; and miscellaneous other (3,262) such as providing small grants to assist owners with repairs.

Onsite and Offsite Improvements (Exhibit J)

Redevelopment law allows agencies to use Low-Mod Funds for site improvements when such improvements directly benefit housing units affordable to low and moderate income households. Improvements must be part of a program to benefit affordable housing units or be determined by the agency as necessary to eliminate a condition jeopardizing the health or safety of persons occupying restricted affordable housing units. An example of spending Low-Mod Funds to remedy a health or safety issue would be the removal of contaminated soil near a subsidized affordable housing project.

Over the last five years, expenditures for site improvements have approximated 2.6 to 5 percent of agencies' total expenditures. This year, Exhibit C-6 shows agencies reported spending $20.3 million ($12.2 million less than last year) for site improvements benefiting 2,488 affordable housing units. Improvements were reported as benefiting 600 new units, and 412 rehabilitated units. Agencies also reported improvements to eliminate a health or safety hazard to 1,476 units.

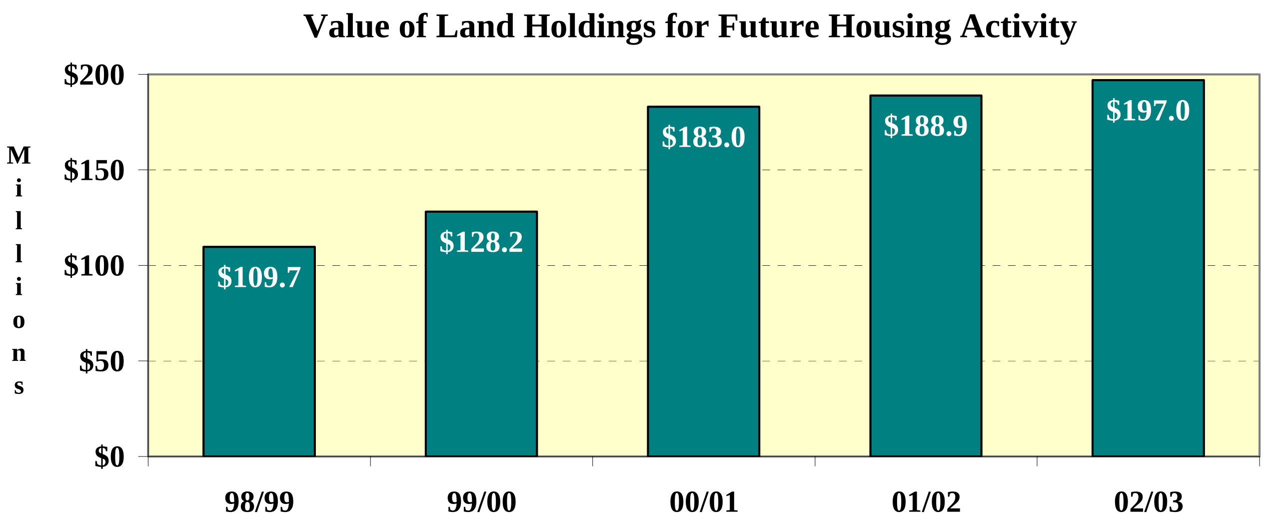


Future Construction (Exhibit K 1-3)

Exhibit K-1 identifies agencies' estimates of affordable units anticipated to be completed over the next two fiscal years based on executed development agreements and contracts. The financial obligations attached to these contracts are reflected as part of encumbered dollars. A total of 20,048 units are estimated to be developed to accommodate 10,206 very-low income households, 6,725 low-income households, and 3,117 moderate-income households. As reported in Exhibit K-2, agencies expect most construction over the next two years to occur inside project areas (12,811) as opposed to outside of project areas (7,237). Last year, agencies projected less total activity (16,241), with 61 percent estimated to occur inside of project areas instead of outside of project areas.

Land Holdings (Exhibit L)

Exhibit L contains information reported by 104 agencies regarding specific sites, acreage, zoning, dates of acquisition, and estimated dates when affordable housing projects may begin. Land being held for future affordable housing projects total 411 sites approximating 1,502 acres (last year, 332 sites encompassed 1,035 acres). Agencies also report values of land holdings as an additional asset (refer to Exhibit C-2). The values of land holdings over the last five years are shown below.



Redevelopment law, Health and Safety Code Section 33334.16, requires agencies to initiate development activities within five years of land acquisition; however, agencies are permitted one five-year extension. Land not developed within the required time period must be sold and agencies must deposit the proceeds to the Low-Mod Fund. In 1999, Senate Bill 497 (Rainey) amended the law to require agencies' independent auditors to determine agency compliance. Auditors are required to provide their findings to the State Controller to report major violations such as failure to develop or dispose of land to the Attorney General for action.

Miscellaneous Plans and Information (Exhibit M)

Certain requirements apply when an agency uses non-Low-Mod Funds to participate in funding projects that also receive federal funding pursuant to either Title II or IV of the Cranston-Gonzolez National Affordable Housing Act, and/or provide assistance to mortgagors whose incomes exceed that of persons and families of low or moderate income. For example, one requirement is that agencies shall, within two years, expend twice the total amount of assistance provided to above-moderate income households exclusively to increase and improve the supply of affordable housing to lower income households of which at least 50 percent shall benefit very low income households. Contributions of funds, (other than Low-Mod Funds) in support of the federal HOME program, approximated $6,638,164. Ten agencies reported using their other (non Low-Mod) funds as matching funds in support of a federal affordable housing grant program.

FISCAL YEAR 2002/2003

AGENCY DESCRIPTIONS OF PROGRAMS AND PROJECT ACHIEVEMENTS

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

ALHAMBRA RDA

This program augments the City of Alhambra's First Time Home Buyer Program which funds households up to 80 percent of the Area Median Income.

The LMHF funded program provides households up to 120 percent of the Area Median Income with up to $35,000 in down payment assistance for the purchase of a home.

Increasing residents in our community are priced out of homeownership. This program enables the Agency to provide long term housing affordability to a larger segment of the community.

ANAHEIM RDA

The Linbrook Court Project consisted of an 81-unit affordable new construction senior apartment project at 2240 W. Lincoln Avenue (Project). Sixty-five one bedroom and 16 two-bedroom units were developed on an infill housing site consisting of 1.82 acres. The Anaheim Redevelopment Agency (Agency) provided a gap loan and the Anaheim Housing Authority provided Section 8 vouchers for the Project. Mercy Housing, California (Developer) was able to offer units with rents from 35 to 50 percent of area median income.

The Agency approved a Loan Commitment Agreement with the Developer on August 15, 2000. The agreement provided a loan of $1,000,000 to assist with up front costs and site acquisition. The Developer requested an increase in the Agency loan to $1,345,000. The increase was necessary to offset significant cost increases to the estimated construction budget, and a projected reduction in tax credit proceeds resulting from a weakening of the tax credit equity market.

The Developer was successful in receiving funds from the County of Orange and also submitted an application to the Tax Credit Allocation Committee (TCAC) on June 15, 2001 for an allocation of federal and State tax credits, and submitted an application for funds to the state Affordable Housing Program (AHP). In consideration for the additional Agency loan funds, the Developer increased the number of units affordable to seniors with incomes below 35 percent median income.

Unit Breakdown

Number of Units	Unit Type	Median Income
21	1 BR	35%
8	1BR	40%
36	1BR	50%
4	2BR	35%
2	2BR	40%
9	2BR	50%
1	2BR	Manager Unit

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

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Anaheim RDA continued-

The Agency facilitated a project to develop affordable rental housing on a mid-block in fill site. It provided initial financial assistance to the developer and facilitated discussions with the community to explain the project and gain community support. The Agency also committed additional financial assistance when a financial gap occurred due to a reduction in tax credit proceeds resulting from a weakening of the tax credit equity market. In addition, the Agency worked with the Housing Authority to obtain 25 Project-Based Section 8 vouchers, to gain deeper project affordability. The Agency's involvement achieved many objectives:

Affordable rental housing to very low- and lower-income households.
Redevelopment of blighted property in West Anaheim Commercial Corridor Project area.
A framework to work with residents to meet Agency housing production goals.

ARCATA CDA

Arcata House Transitional Shelter: The Arcata Community Development Agency provided funding for the remodel of a dilapidated former Order of the Eagles meeting hall. The building is in a residential part of town and had sat abandoned and deteriorating for a number of years. A local transitional shelter group, Arcata House, identified the site and worked with the City in acquiring the building. The Agency provided $165,000 to essentially rebuild the structure. Extensive efforts were made to bring the building into code compliance and to ensure a good "fit" with the neighborhood. Architectural elements from surrounding buildings were incorporated in its re-design. The building is a shining example of what redevelopment dollars can do for a community. Arcata House provides transitional shelter and counseling services to low and very low-income clientele. Arcata House recently reported that all clients served through this facility go on to find permanent housing.

BALDWIN PARK RDA

In fiscal year 2002-03, the developer, DC Corporation, constructed a 36-unit single-family detached housing development on a 3.4-acre site, which 7 of the units were made available for purchase by moderate-income buyers. In this development, all 36 affordable units are two-story structures and have four bedrooms each. The project is named DC Corporation Badillo/Downing and located inside the Central Business District Redevelopment Project Area at 14700 Badillo Street, intersection with Ramona Boulevard.

In February 2001, an Owner Participation Agreement was executed between the Redevelopment Agency and the developer, DC Corporation, Inc. This housing development by DC Corporation combines thoughtful planning and design in relation to the nearby Metrolink Rail Station with a commitment to homeowner satisfaction. In the design of the development, the developer considered attention to traffic, pedestrian circulation, landscapes and architectural composition. A landscaped walkway links this housing development to the east entrance into the nearby Metrolink Station.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Baldwin Park RDA continued)

The project site consisted of two contiguous parcels totaling 3.4 acres. The property was originally developed with a wielding facility that was plagued with deterioration and dilapidation.

The development of the DC Corporation Badillo/Downing housing development in Baldwin Park is an example of a successful Agency-assisted redevelopment project. The goals of the Agency were exceeded with the elimination of physical and economic blighting influences. This Agency-assisted housing project achieved the redevelopment of underutilized parcels, the removal of deteriorated building structures and the provision of housing opportunities for moderate-income persons.

BELLFLOWER CRA

During the reporting period, the City of Bellflower and the Redevelopment Agency completed construction of 180 affordable rental housing units for seniors. The Corporation for Better Housing, a nonprofit corporation, was the developer. The project took approximately two years to complete. The Redevelopment Agency used approximately 1.5 millions to purchase the property. The City also used approximately 1.3 million in HOME funds and 8 million in low-income housing tax credits. The total project costs were approximately 18 million.

The project site was vacant underutilized land for many years prior to the development of the Bellflower Terrace/Senior Housing Project. The site was purchased from MTA for the development of housing. The site was originally zoned for light industrial and then rezoned for multi family housing. The site was at times vacant and also used as a food distribution center, which the City felt, was not the highest and best use of this property. The site is located just north of the now defunct railroad tracks, in a primarily low and moderate-income area, within walking distance to the Bellflower Courthouse, City Hall, Los Angeles County Public Library, supermarkets, downtown and public transportation.

The Bellflower Redevelopment Agency played a major role in the development of this project. The Agency believes that this project is a good example of a successful infill/sustainable community development. In addition, this project reuses underutilized land, relieves blighting conditions, creates low-income senior housing and installed some public improvements such as sidewalks and curb and gutters. The project is successful because it provides a development that provides housing to low income seniors, as well as, many amenities that would otherwise not be available to low- income seniors, such as, a computer room, work-out facilities, outdoor barbeque and balconies and a well appointed gathering/common space complete with big screen television, fireplaces, leather furniture, kitchen facilities and baby grand piano. There are currently no vacancies at the Bellflower Terrace/Senior Housing Development.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

CHINO

The Agency purchased affordability covenants on ten apartment units in a newly rehabilitated 76-unit apartment complex to be reserved for ten very low-income households for 55 years. Prior to the rehabilitation of the entire apartment complex, the condition of the units came to the City's attention with a multitude of code enforcement and building code violations ranging from undesirable living conditions to severe sub-standard conditions. Subsequent to the Agency's attempts to work with the non-responsive property owner, the complex was sold and the units substantially rehabilitated by the new owner utilizing only private funding. The Agency then worked with the new property owner and struck a deal to purchase affordability covenants on ten of the units to be reserved for very low-income households for 55 years. The Agency was pleased to be able to purchase the affordability covenants with its limited budget at half the cost it would have taken to construct ten new units. The complex is now 95percent occupied and affordable to ten very low- income households.

ESCONDIDO CDC

During FY 2002-2003, the rehabilitation of Cobblestone Village, a 44-unit, affordable housing development on Washington Avenue was completed by Southern California Housing Development Corporation. Units are restricted to households at or below 20 percent of the state median income (SMI) and up to 60 percent of the area median income (AMI). All of the units are three bedroom, two bath and include the introduction of energy efficient heating and air conditioning systems.

The newly gated community is located at 360 East Washington Avenue and offers residents a community courtyard with barbecues, a playground and a community resource center. The resource center includes a computer lab for resident use. The architecture involves a two story, cluster development with off white stucco and wood-siding exterior, pitch roofs, arches and pop out facades.

The project was financed with the City's Housing Set-Aside Funds of $2.1 million, a State CHFA (California Housing Finance Agency) loan of $1.3 million, and permanent financing of approximately $3.9 million. Total cost is approximately $6.8 million.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

FAIRFIELD RDA

JACKSON STREET APARTMENTS - In 2002, the Agency entered into a 35-year Master Lease Agreement for eight one-bedroom apartments on the second floor of a downtown retail building. The building was originally built in 1910 as a schoolhouse and it was moved to its current location in 1942. The apartments were rehabilitated during the 2003 reporting year and were made available to households earning less than 80 percent of median income. Rehabilitation costs for the apartment units were approximately $763,892. Sources of funding came from a combination of loans and grants from the CHFA HELP program ($300,000), HOME program income ($159,996), CDBG funds ($155,920) and Redevelopment Agency Low/Mod funds ($147,976). Affordable housing covenants have been recorded on the property for a period of 55 years. Mid-Peninsula Housing Management Corporation, a non-profit housing organization, is managing the apartments.

The City of Fairfield has focused on revitalizing the City Center Project Area for the past six years. In 1998, the City implemented the Downtown Neighborhood Revitalization Strategy (NRS). A five-year, CDBG funded program to revitalize downtown Fairfield. The goals of the NRS were to increase the opportunities for economic empowerment of residents, carry out physical improvements to make the areas more “livable”, and link those neighborhoods to nearby businesses in the central business district.

Two significant events occurred in 2000, the approval by the Solano County Board of Supervisors to build the Solano County Administration Center in downtown Fairfield and the approval of the Downtown Economic Development Strategy by the Fairfield City Council. The County Administration Center will be a new $100 million, 5-story, 300,000 square foot office building, with a 1,000 space parking garage. As for the Economic Development Strategy, 2000, implementing this Strategy provides a long-term vision of downtown as being a place that encourages people to live, work and experience downtown. A major component of that Strategy is the creation of affordable housing opportunities downtown.

For this project, the Jackson Street Apartments, the Fairfield Redevelopment Agency had approached the property owner and property management company a number of times to determine the level of interest in rehabilitating the entire building, the downstairs retail spaces and the second floor apartments, or selling the building to the Agency. The importance of this project was high for the Agency. With a new Strategy for revitalizing the downtown business district in place and the new County Administration Center under construction, this property was integral to the Agency’s plan for revitalizing a prime corner property in the downtown business district.

The Agency played the central role in working with the property owner and the property management company to obtain control over the second-floor apartments. As for elements of blight regarding this project, a number of conditions existed: low lease rates, high turnover, faulty and inadequate utilities, serious building deterioration, vacant store fronts, and criminal activity being conducted out of the apartments. Obtaining control over the building was a major goal of the Agency, either through an outright purchase or by some other means. Since the out-of-town property owner did not want to sell the property, another avenue had to be pursued.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Fairfield RDA continued)

The preferred option was for the Agency to enter into a Master Lease Agreement with the property owner, with certain conditions. Those conditions included the following: 1) Property owner to conduct extensive renovations to the exterior of the building, at his expense. By undertaking the exterior renovations, the property owner would be eligible for Agency financial assistance through the Downtown Façade Program, 2) Affordable covenants to be recorded, on all eight apartment units, for a period of 55 years, 3) Agency and property management company to work together to identify quality retail businesses for the two vacant retail spaces, and 4) Agency has a right of first offer if the property owner decides to sell the property during the lease term.

Once the building was leased, the City of Fairfield's Neighborhood Revitalization Office took the lead on this rehabilitation project. After a contract was awarded, the contractor estimated it would take approximately four months to complete the project. During the demolition of the interior of the units, it was found that additional work was needed to correct deficiencies in the structure of the building. New electrical wiring throughout each unit and the common areas, as well as significant structural and plumbing repairs were needed. In addition to these deficiencies, a new roof projection, security fencing and gates at the rear of the building, and air conditioning for each apartment was added to the project. These items were needed to ensure the integrity and longevity of the rehabilitated apartments. Completion of the project took an additional five months and increased the cost of the project, from an original estimate of $465,000 to $763,000.

As for the funding, the HOME program funds are in the form of a loan that will be repaid by 2017 and secured by a Security Agreement between the City and Redevelopment Agency. The CHFA HELP program funds are in the form of a loan that will be repaid by Agency Low-Mod funds or other sources by 2010.

Since the completion of the project, downtown residents and businesses have seen a blighted building become a center of economic activity. This project, along with the County Administration Center and Economic Development Strategy, has shown the level of commitment by the interested parties to revitalize downtown Fairfield. Interest in Agency and City programs has increased from downtown property owners and businesses throughout the project's progression.

FREMONT RDA

Glen Haven Apartments is an 81-unit family apartment complex built in 1962. The 3-acre property is located at 4262 Central Avenue in an established neighborhood in the Centerville Redevelopment Project Area. Located in one of the City's historic communities, Glen Haven's one, two and three-bedroom apartments are contained in four two-story buildings and two one-story buildings. The buildings are wood frame on slab with stucco siding and wood trim. The property also has a pool, two laundry rooms, a leasing office, and each unit has a balcony or a patio. In its before-rehab condition, the buildings presented an outdated design and were in need of extensive rehabilitation. The complex was home to many families, some housed in over-crowded conditions, however there were no developed play areas for the children at Glen Haven.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Fremont RDA continued)

The makeover of Glen Haven Apartments involved the complete renovation of the 41 year-old apartment buildings. With extensive interior and exterior renovations, residents now enjoy the numerous project improvements which include renovation and modernization of the buildings' street frontage--including update of entryway and new sidewalks, re-painting of interior and exterior surfaces, renovation of the pool, addition of children play areas and family BBQ area, new roof, replacement of damaged wood and stucco, resurface of walkways, re-landscaping, improvement of exterior lighting, deck and sub-floor repair, and replacement of "everything that a resident touches in the interior of the apartments".

Prior to Glen Haven's renovation, rents were unrestricted and could exceed rates that many families living there could afford. As a result of the investment in the property, 57 apartment rents were reduced to an affordable level for very-low and lower-income households, serving renters earning 50 percent and 60 percent of the area median income. After-rehab monthly rents for the affordable apartments range from $745 per month for a one-bedroom apartment to $1,162 per month for a three-bedroom apartment. The drop in rents translates into monthly savings of $182 to $519 per month for low-income tenants. A recorded affordability covenant assures affordable rents for the next 55 years. After-rehab rents for the remaining 24 market-rate apartments saw an increase of just over 7 percent, which will be phased in over time.

The successful renovation of Glen Haven Apartments was the product of a strong partnership between the Fremont Redevelopment Agency and KDF Communities, a private company that specializes in apartment acquisition and rehabilitation. Acquisition and renovation costs for Glen Haven Apartments totaled $12.6 million. The Fremont Redevelopment Agency provided a $3 million "gap financing" loan from its affordable housing fund, while tax-exempt bonds and tax-credit equity provided the remainder of project financing. Acquisition cost totaled $9 million and renovation cost was $1.2 million.

The renovation of Glen Haven Apartments has upgraded the Central Avenue neighborhood and improved the Centerville Redevelopment Project Area. As well, the project provides for much needed quality rental housing that will be affordable to low-income families for the next half century. Glen Haven is now a gem in the Centerville community and is a model for successful affordable apartment rehabilitation through effective local government and private sector collaboration.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

GLENDALE RDA

Vine Street Walk - In June 2003, the Housing Authority of the City of Glendale (Authority) and The Olson Company (Developer) celebrated the completion of Vine Street Walk development (VSW), a five-unit, mixed income home ownership project located at 337 W. Vine Street in Glendale. Three of the five newly constructed, in-fill courtyard-style homes were purchased by eligible moderate-income first-time home buyers. Pursuant to a Disposition and Development Agreement (DDA) between the Authority and the Developer, the remaining units were sold at unrestricted market prices. This mixed income approach has provided a number of benefits to both the Authority and Developer. VSW is an excellent example of how the cooperative efforts between private and public entities can successfully develop quality, affordable housing.

The zoning of the property is R-2250, which designated the property for residential uses, permitting up to 19 units per acre or a permitted use of 8 multifamily units on the property. Although the zoning code allowed for the development of eight residential units, at the Authority's request, the Developer constructed five detached condominium dwelling units. This lower density was consistent with the preferences of the neighborhood, the local homeowners association, and an Authority appointed Home Ownership Committee.

The project consists of three unit plans, and each plan contains three bedrooms, two and a half baths, a living room, dining room, and private patio. The homes vary in design and are two-story wood framed with a combination of wood stucco exteriors. Parking for the project consists of five at-grade two-car garages and two at-grade guest parking spaces.

The site layout provides two units located at the front of the project site and the remaining three units are located along the rear of the project site. The two front units measure approximately 1,575 square feet. The three remaining units at the rear of the property measure approximately 1,160 and 1,372 square feet.

Parking access for the units is provided by a central driveway with access from Vine Street. Both front yard and backyard landscaping were provided for each unit in the project. A monthly homeowner association fee is paid by each homeowner to maintain the common areas as well as all landscaping on the site. The project is compatible with the surrounding neighborhood and complements the existing bungalow resources in the immediate area.

Total costs for the development of VSW were estimated at $1.23 million. These costs were financed with a combination of debt and equity financing procured by the Developer. No construction loan funds were provided by the Authority. The economics by VSW were based on the following:

- The construction budget was approximately $1.15 million.
- The Developer paid the Authority a sales price for the land equal to $75,000.
- The Developer's profit was estimated at $80,600 (6.55 percent of sales revenue).
- The sales prices of the affordable units were $229,990 and $239,990.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Glendale RDA continued)

The Authority's assistance to the project was in the form of a land write-down and homebuyer second mortgage assistance. The Authority expended approximately $265,000 toward the acquisition and maintenance of the project site, and costs related to the sale of the property. VSW required a $190,000 land write down to fund the feasibility gap and $144,200 in second mortgages assistance to fund the affordability gap. Sales prices were $229,990 for one unit and $239,990 for the remaining two units. In comparison, the typical market rate for units of this type in Glendale is over $350,000. A summary of the Authority's assistance is provided below:

Land Write Down

• Acquisition, Maintenance, and Sales Costs	$265,000
• Less Developer Payment	($75,000)
• Total Land Write Down	$190,000
• Second Mortgages	$144,200
TOTAL AUTHORITY ASSISTANCE	$334,200

A lottery of eligible purchasers was used to determine which qualified buyers were provided the first opportunity to buy the three affordable homes.

Prior to selling the property located at 337 W. Vine Street to Olson Company, the Authority had owned the property since 1994. It was purchased on the open market to develop an affordable home ownership project for approximately $245,000 with Redevelopment 20 percent Set-Aside funds. The use of tax increment funds from the Central Glendale Redevelopment Project Area and the San Fernando Corridor Redevelopment Project Area assisted in the development of the proposed housing and benefited the project by making affordable housing available in the City of Glendale that is not otherwise available in the redevelopment area. This project is consistent with the most recently adopted Implementation Plan for the Central Glendale and San Fernando Road Corridor Redevelopment project areas.

Various projects were considered for the site. Moving potentially historical bungalows from another site to this site was studied; however, an analysis showed that it was economically infeasible. In 1996, the City of Glendale Community Development and Housing staff began meeting with the local neighborhood association, known as CASA (Community Association for the Southwest Area) and the adjacent neighbors to gain input on the potential development. The primary concerns of CASA and the neighbors regarding new housing on the site were adequate parking and density.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Glendale RDA continued)

In 1997, the Housing Authority requested proposals to develop an affordable homeownership project with four - six units on the site. The zoning for the site allows a development of up to eight residential units. The site was subject to a previous development project in which the first developer could not develop the project according to the Authority's Agreement. In response to a Request for Proposal (RFP) and subsequent panel review, ABC Developer was selected as the developer for a four-unit project on this site and entered into a DDA with the Authority in 1998. After numerous delays and having failed to cure certain defaults with respect to the timeline established by the Schedule of Performance, the Authority found ABC Developer in default of the terms and conditions of the DDA and terminated the Agreement in May 2000.

Staff contacted The Olson Company (Developer) who was originally ranked second in the RFP for this development project behind ABC Developer. Due to a combination of factors including changes in the economic climate and differences in project characteristics, it was determined that the original four-unit project required substantially more financial assistance than envisioned under the previous Agreement. To address this issue, the Developer and staff proposed and developed a five-unit scenario in which some units would be reserved for market rate prices.

Staff assisted the Developer as VSW required variances and new approvals through the entitlement process that pertained to project parking, setbacks and garage size. With regards to project parking, the design provided 2 covered parking spaces per unit in lieu of 2.5 required by code. In addition, front and side yard setbacks did not meet the minimum and average limits. Variances were also required that pertained to the minimum separation required between units and to garage dimensions, which are slightly smaller than code requirements.

The Authority's objectives with this project were multiple:

- Neighborhood revitalization
- Infill development
- Elimination of blight
- Lower density development
- New ownership housing type design detached condominiums with at-grade parking
- Affordable home ownership

VSW has certainly contributed and is complementary to the revitalization efforts in the area. There are several additional projects, all within walking distance of VSW, currently in some phase of development. Some of these projects are described below.

The Edison School/Pacific Park project is a joint effort between the City of Glendale and Glendale Unified School District. The project provides a new elementary school, a new public library, a new community center, a new small health center, a new community policing substation, a new small cafe, and a new park.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Glendale RDA continued)

The upcoming Vine/Pacific Habitat project is a joint effort between the Authority and San Gabriel Valley Habitat for Humanity for the development of a four-unit home ownership housing project for low income (maximum 80 percent of area median income), first time home buyers.

The Glendale Town Center area is envisioned as a mixed-use pedestrian oriented retail and commercial center with major public open space elements anchoring the southern edge of the Central Glendale redevelopment project area. The 15.5 acre site includes the development of approximately 475,000 square feet of retail and commercial uses, 338 residential dwelling units (100 for sale and 228 rental), approximately 2 acres of public park/open space, and a public parking structure. Anticipated retail uses include a national anchor home store, department store, market/grocery store, cinema, restaurants, and in-line specialty shops.

HOLLISTER RDA

We have allocated $400,000 to assist low-income people purchase their first home.

LA MESA COMMUNITY

The City of La Mesa, in cooperation with the developer of the transit-oriented condominiums, was able to provide affordable home ownership opportunities to moderate-income first time homebuyers. This was made possible by providing subsidies for 2 of the 18 units in the development. With Redevelopment Housing Set-aside Funds, the City of La Mesa provided silent second mortgages to two moderate-income households that enabled them to purchase their first home.

Since the beginning of the San Diego Trolley coming to La Mesa, the City has been encouraging quality developments near or at trolley stations. This development is one of the transit-oriented developments near La Mesa's downtown trolley stop.

When the developer of this site contacted the City about building the condominiums, Agency staff asked the developer to consider making some of the units affordable with the use of the housing fund. The developer, CityMark, cooperated with the Agency to provide affordable home ownership opportunities to two moderate-income families. With Redevelopment Housing Set-Aside Funds, the City of La Mesa provided silent second mortgages for two first time homebuyers.

"The La Mesa City Council is committed to transit-oriented Smart Growth, affordable homeownership opportunities, and making our already vibrant La Mesa Village an even better place to live, work and visit. With the enthusiastic partnership of the folks at CityMark, we were able to combine all three of these objectives," says Mayor Art Madrid.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

LAKE FOREST RDA

In June 2001, the Lake Forest Redevelopment Agency ("Agency") successfully partnered with the developer, Trammel Crow Residential ("TCR"), to provide six affordable low income housing units with their Alexan Bellecour 131-unit tow home rental project in the City of Lake Forest ("City"). The six units are within the Alexan Bellecour development, which is an "upscale residential development for the renter-by-choice, who can afford to purchase a home, but for various lifestyle or maintenance reasons, chooses to rent as an alternative." The project consists of 131-unit rental home complex with six (6) affordable housing rent restricted units as follows: (a) four – one bedroom units for affordable to low-income tenants; and (b) two – one bedroom units for affordable to moderate-income tenants.

The units at Alexan Bellecour are considered luxurious and are targeted for individuals or families with household incomes that exceed the median income in Orange County of $70,000. This project is situated in an affluent area that is surrounded by the five highest household income census tracts in the City according to 2000 census data. These census tract household income levels range from $ 69,821 to $107,539. The partnership between the Agency and TCR provided a unique opportunity for low- and moderate-income individuals or families to be able to live in a desirable and sought after upscale residential area. The market rate for the one bedroom units is from $1,265 to $1,395. The six affordable housing units were provided to eligible individuals/families at the price range of $907 (low income tenants) to $1,375 (moderate income tenants). The units are discreetly placed throughout the project and are not marked in any way to note that they are the affordable units.

Construction of all six affordable housing units was completed in April 2003 and all six units were immediately leased to eligible individuals or families. The one bedroom units include a one car garage, storage closet, full-size washer/dryer, gas range, refrigerator, dishwasher, built-in microwave, dual entrance bath, garden tub, balcony and a generous amount of windows. The interiors are appointed with high quality appliances, ceiling fans, high speed data lines, cathedral ceilings, and attached garages with direct unit access. Common site amenities include a clubhouse/fitness center, business and computer center, social area, leasing offices, swimming pool and spa. The project is secured by an electronic gate entrance.

The Alexan Bellecour project had to be constructed to take advantage of the steep slope of the property and provide extensive views from the units the uphill portion of the site. Two primary building styles were developed for the project that included an uphill, all townhome-style building and a flat single bedroom building, which incorporated a mix of town home-style units and single bedroom units. This design style was incorporated to address the existing site topography which naturally slopes approximately 12 percent requiring a terraced pad design. The rear wall of the garage acts as a retaining wall on the basement level with two levels of living space above. The front door and patio of each unit opens to a greenbelt. This created a raised stoop entrance from the greenbelt creating a brownstone feel throughout the facility. The design included a pitched composition shingle roof, extensive use of windows and reveals, decorative louvers, and neutral color scheme that included white, blush, tan, and beige tones.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Lake Forest RDA continued)

Pursuant to the June 2001 Affordable Housing Agreement, the six apartment homes will become a key component of the City's affordable housing inventory for a period of 15 years and will continue to be rented at reduced rates to qualified affordable income households.

The City, incorporated in 1991, was a primarily residential community and was almost completely built out at that time. During the next 10 years, only one new housing project of 43 single-family homes was completed. Also during that time, Lake Forest commercial office and industrial properties were completed construction and occupancy of approximately 4million square feet of development. This new construction attracted many new companies to move to Lake Forest and it became home to 19,000 new workers. Since Lake Forest housing was primarily single-family residential, there were not many housing opportunities to interest the young professionals that relocated here with their firms. When the Alexan Bellecour project was proposed, it was desirable to increase the variety of housing types and include fresh design in apartment homes potentially attractive to our young professional market. Interest in the units began when the first signs were put up on the project.

The developer, TCR, built a 131-unit apartment complex on a 6.074 acre L-shaped parcel in the City in January 2001. The proposed project is located on the north side of Osterman Road, between Normandale Drive and Pittsford in the City.

The project site is zoned as Multi-family Residential and designated in the City's Housing Element to accommodate future affordable housing residential development as determined by the City's Regional Housing Needs Assessment (RHNA) requirement of 183 units.

Barriers to the proposed project included the un-level site and the initial concerns expressed by several surrounding homeowners with the creation of an apartment project, including the potential impacts of renters upon the surrounding single-family neighborhoods. TCR representatives met with surrounding neighborhood groups throughout the preliminary design of the project. Their input was instrumental in the final layout and design of the project relative to building placement and building setbacks. Initial concerns were also raised with the location of the clubhouse and recreation facilities, which were originally situated along the shared southwest property line which abuts the nearby Whispering Hills complex. TCR responded by re-designing the project and moving the facilities to the southeast corner of the development. Consequently, through this collaboration, public support for the project was provided at the Planning Commission Public Hearing and the Planning Commission approved the project.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Lake Forest RDA continued)

It is the Agency's goal to preserve, improve and expand housing opportunities for low- and moderate-income residents. California Community Redevelopment Law provides that at least 20 percent of the tax increment received by a Redevelopment Agency shall be set aside in a Low- and Moderate Income Housing Fund, to be used for the purpose of increasing and improving the community's supply of affordable housing for persons of low- and moderate-income. This set-aside provision arises from a determination by the State Legislature that the provision of housing is itself a fundamental purpose of the Community Redevelopment Law, and an appropriate use of tax increment revenues.

The City's General Plan and Housing Element also provide additional framework used by the City to make decisions regarding future housing growth and development. These documents indicate the need for housing in the community in terms of housing affordability, availability, adequacy, and accessibility. The goal of the City's Housing Element is to ensure that adequate housing is developed within the City to meet the existing and future needs of Lake Forest residents. The City has adopted a policy to facilitate the development of affordable housing by offering development incentives that may include reduced development fees, the granting of a density bonus, or the granting of a flexible development standard to attract affordable projects.

Since the City does not own any lands or properties and there are no vacant lands available, it was essential for the City and the Agency to explore various creative or innovative ways or options to meet its affordable housing needs. For this project, City and Agency staff and the applicant had to explore various options (including the provision of a financial incentive to reduce development costs) and worked collaboratively to create an affordable housing component for the project that would consist of providing six affordable units out of a total of 131 units.

The Agency played a major role in supporting the inclusion of six affordable housing units and was also successful in negotiating the terms and conditions of the Affordable Housing Agreement. As part of its efforts, the Agency evaluated and confirmed the fiscal impact upon TCR of providing affordable units as part of this project. During this process, TCR was requested to submit the Project Pro Forma data (financial expenses vs. income) for review by the City's economic consultant. Based on this review, it was determined that the net fiscal impact of providing six units at reduced affordable rents for a period of 15 years was approximately $27,166 per unit. This is approximately $1,811 per unit, per year for the six affordable units resulting in a total of $163,000 shortfall in the developer's return on this project. The proposed dollar amount was based upon the analysis of the net revenue lost by the developer for providing six units of affordable housing with rent and tenant income restrictions for a period of 15 years. To bridge the gap in the financial profitability required by the developer in order to build the project and provide the affordable units, the use of Redevelopment Agency Housing Set-Aside Funds was utilized.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

LIVERMORE RDA

The Carmen Avenue Project is a proposed 30-unit multi-family infill development serving extremely low-income persons with disabilities and families who are survivors of domestic violence coming out of area homeless shelters. It is located on a one-acre parcel at the corner of Carmen and South Livermore Avenues and is sponsored by a collaborative of agencies made up of Allied Housing, the owner and non-profit developer of the project, Community Resources for Independent Living (CRIL), and the Tri-Valley Haven. This collaborative is working together with the City of Livermore to create affordable and supportive housing opportunities in the Tri-Valley region.

This project will be a supportive housing development that will create permanently affordable housing linked with supportive services for low-income families and individuals, specifically targeting those with disabilities and/or those who are survivors of domestic violence. Because of its targeted populations, its resident services will be provided by the Tri-Valley Haven, a well-known program for domestic violence survivors, and by Community Resources for Independent Living or CRIL, also well known for its work with persons with disabilities.

This project will also target households headed by domestic violence victims and households with persons with physical disabilities. The proposed development is being designed by Kodama-Diseno, an architectural firm that specializes in providing well-designed, energy-efficient affordable housing for communities in need. There will be a combination of studios, one, two and three bedroom units, with one unit designated as the on-site resident manager’s apartment. In addition to the dwelling units, it will have on-site office space for resident supportive services as well as common community space for play, meetings and larger family events.

Carmen Avenue will be both a model of green building¿ technology, such as passive solar design, and construction methods incorporating universal design. The project has been selected by the Alameda County Waste Management Authority as a lead project in its creation of a new guide for green building of multi-family affordable housing developments; making Carmen Avenue a demonstration project for future developments.

The proposed project is located across the street from Livermore City Hall and a shopping center, one block from the City’s Multi-Service Center a facility that houses ten non-profit agencies that provide supportive services primarily to low income families, and approximately 200 yards from a bus stop. Because of its shopping and services, Carmen Avenue is an ideal location exhibiting a wide range of smart growth principles.

The City of Livermore has committed over $1,200,000 to assist Allied Housing in pre-development, site acquisition, and construction costs associated with this development. The total project cost for Carmen Avenue is estimated to be $9,000,000. Allied Housing will be seeking a permanent funding source such as low-income tax credits or bond financing. However, it is anticipated that there will be a funding gap of approximately $2,000,000. The City is working with Allied Housing in seeking outside funding sources to fill this gap.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

MADERA RDA

The Madera Redevelopment Agency is the largest developer of single-family affordable housing projects in Madera County. Projects initiated or completed during the 2002/2003 fiscal year included the following:

Santa Fe Subdivision – The Redevelopment Agency acquired the property, completed the subdivision process and constructed improvements for an eighteen (18) lot subdivision. Three (3) builders acquired the lots for the construction of single-family homes with prices ranging from $82,450.00 to $88,500.00. Affordability covenants will restrict the sale of the homes to persons and families in the targeted income group. All of the homes have been constructed and closed escrow in the 2003/2004 fiscal year.

Clinton/Elm III – The Redevelopment Agency acquired the property, completed the subdivision process and constructed improvements for an eleven (11) single-family lots. Three (3) builders have acquired the lots for the construction of single-family homes with prices ranging from $82,450.00 to $88,500.00. Affordability covenants will restrict the sales of the homes to persons and families in the targeted income group. Four (4) of the homes have been constructed and closed escrow in the 2003/2004 fiscal year. The remaining seven (7) homes will be under construction in early 2004.

Vista del Sierra – The Redevelopment Agency acquired property and completed the subdivision of a 48-lot housing subdivision. Construction of improvements is nearing completion and the lots will be sold to participating builders in February 2004.

Infill – The Redevelopment Agency acquired and demolished five (5) vacant substandard dwelling units. The lots were sold to participating builders in the 2002/2003 fiscal year and the construction of a single-family home on each of the lots will be completed in 2003/2004. The acquisition of three (3) additional vacant substandard dwelling units will be completed by January 2004 and scheduled for the Agency's next demolition project. It is estimated that the construction of single-family homes on each parcel will be completed by December 2004. Affordability covenants will restrict the sale of the homes to persons and families in the targeted income group.

The Redevelopment Agency, in cooperation with the Housing Authority and local builders, has developed an ongoing program to increase home ownership opportunities for community residents. Tax increment, bond proceeds and grant funds have been utilized to finance the various program components. With the exception of the actual construction of the home, the Redevelopment Agency coordinates all other elements of the program.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

MANTECA RDA

The following includes activity in Project Area #1 and Project Area #2:

The Agency has completed its 14th year of providing health and safety improvement grants to owner-occupied, very low-, low- and moderate-income senior households. These improvements may include new roofs, plumbing, electrical and heating repairs and the installation of features to allow handicapped accessibility. The grants are a maximum of $2,500 from the Agency's 20 percent set-aside funds for the preservation of affordable housing. The grants improve the quality of the housing stock, help to retain lower-income housing, improve the appearance of the project area.

Union Court Apartments - In Fiscal Year 1999-2000, the Agency entered into a Redevelopment Loan Agreement with Union Court Limited Partnership (Eden Housing, Inc. as general partner) a non-profit housing developer who undertook the rehabilitation of a 68-unit apartment building that suffers from serious blighting conditions. The Agency's has committed a total of $2,593,742 to this project and all funds have been fully drawn. The eight million dollar rehabilitation project was completed in 2003.

Manteca Senior Housing - To facilitate the development of a 50 unit very low-income Senior Housing project on a vacant parcel within the project area the Agency has provided a loan or of $1,680,000 to Eden Housing Inc. The Agency approved a $900,000 loan May 17, 1999, and increased the loan amount by $781,000 on May 6, 2002. The Agency's assistance leveraged a grant of $4,095,000 from the Federal Department of Housing and Urban Development (HUD) through their 2002 program. The project is under-construction with completion expected in the 2003-04 reporting period.

First-Time Homebuyer Down-Payment Assistance Program - The Agency's program assisted low-income first time homebuyers by providing a loan of up to $30,000. The program was created in the reporting period, with six loans were disbursed for a total of $180,000.

Housing Rehabilitation Matching Grant Program - The program provides a grant to cover health and safety improvements and exterior beautification for houses in the community. Two grants were provided for a total of $9,158.

Economic Development - Dirkson Trucking Advance Infrastructure Program - $103,793 in Private sector investment in public infrastructure was refunded through the advance infrastructure program to assist economic development.

Sunny Valley Meats Advance Infrastructure Program - $103,793 in private sector investments was refunded through the advance infrastructure program to assist economic development.

Hahn Light Industrial Advance Infrastructure Program - $25,000 in private sector investments was refunded through the advance infrastructure program to assist economic development.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Manteca RDA continued)

Celpril Industrial Expansion Grant - $35,000 in assistance was provided to support the expansion of industrial activities within the project area.
Underground Storm Water Retention - $1.3 Million in assistance was committed to address infrastructure constraints that impeded the development of hotel, convention center and medical office development.

San Joaquin Partnership - The Agency entered into an annual service agreement with the San Joaquin Partnership for the recruitment of business and industry to the project areas for the elimination of blight and job creation, at a cost of $30,000. Services provided include site and facility searches, project cost analysis, wage and labor availability and project surveys/community cost comparisons.

MARYSVILLE CDA

Finished construction of four single-family dwellings and sold them to approved low-income families through the use of Home Grant Funds. These four units replaced four units lost through the demolition of two duplex units, using the available land to replace them with four single-family dwellings.

MILPITAS RDA

During the reporting year, The Crossing Apartments at Montague located in Midtown was incorporated into the City of Milpitas Redevelopment Project Area No. 1. The Redevelopment Agency provided $2.4 million to financially assist this project, which included $1.3 million for Quimby Act Fees and $1.1 million low-interest rate loan. In return, the developer agreed to provide 94 affordable housing units for very low-income households. The entire project consists of 468 multi-family units. The Redevelopment Agency executed and completed the Owners Participation Agreement(OPA) with Parc North Associates, LLC to construct 285 for-sale units which include 58 affordable units (18 very low-, 6 low- and 34 moderate-income). The Redevelopment Agency will be providing down payment assistance to the very low- and low- first-time homebuyers to assist these households. The Agency provided $3.4 million to financially assist this project, which included $1.9 million for the down payment assistance to the first-time homebuyers and $1.3 million development impact fees. The Redevelopment Agency also purchased one moderate-income affordable housing for-sale town home unit at Parc Metropolitan for $326,497 to maintain its affordability for moderate-income households. The unit was purchased and resold to a moderate-income household and the long-term affordability restriction agreement remained in place. By incorporating mid-town area into the Redevelopment Project Area, a total of 3,403 housing units are located in redevelopment areas. Of the 3,404 units in the redevelopment areas, 668 (19.6 percent) of the total number of units are affordable.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

MURRIETA RDA

The Agency purchased land for future Low/Mod Income housing purposes. The Agency is working with Affirmed Housing towards the development of a 64-unit apartment project on that site, which will also include a Tax Credit allocation as part of the total project funding.

PALM DESERT RDA

Country Club Estates/California Villas - Acquisition of 141 dilapidated units for rehabilitation to be included as part of the PDRDA's affordable housing portfolio. The City participated in the Energy Coalition's program to retrofit light fixtures and bulbs with low-watt energy efficient lighting and ceiling fans within the PDRDA's affordable housing projects.

PALMDALE CRA

During the reporting year the Community Redevelopment Agency (Agency) acquired ownership of three mobile home parks, Boulders at the Ranch One, Boulders at the Ranch Two and Boulders at the Lake with a total occupancy potential of 738 homes. These parks are operated under a Regulatory Agreement and Declaration of Restrictive Covenants, effectively making them affordable parks for low and moderate-income families. While the home sites are rented, the homes themselves are owned by the residents. The families acquired their own first mortgages and for those that qualified as low-income, mortgage assistance loans were offered by the City of Palmdale CRA.

Over the years the Agency struggled with the reputation of these parks. There were approximately 300 vacant lot spaces and the park management was lax to non-existent which allowed blight and illegal behavior to move in and set up shop. Prior to the Agency’s acquisition the parks were owned by a non-profit, inexperienced and unmotivated with mobile home park management and marketing. During this ownership period the vacant lots were not being filled and low-income families were not served with safe, decent housing. Needless to say cynicism prevailed in the minds of residents that no one could make their community better. The Agency became involved in acquiring the parks when it became obvious that there was no incentive for the previous owner to encourage and actively seek low- and moderate-income families to move into the parks thereby wasting the stock available to these families.

With housing set-aside funds, the Agency put together a Mortgage Assistance Program (MAP) to aid low-income families in owning their own mobile homes starting in July of 2001. This program was put into action while the Agency worked on acquiring ownership of the three parks. Mobile home dealers, mortgage lenders and escrow companies were recruited to work with the MAP. Due to the obvious benefit to all involved, marketing to the targeted families was done by all avenues of participation. Additionally, space rent was left at below market rate for moderate income families to take advantage of. The geographic area’s housing affordability and new generation of mobile homes made the parks and their programs very attractive to low- and moderate-income families.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Palmdale CRA continued)

The MAP assistance has been so successful that to date, ninety-one low-income families have taken advantage of our MAP assistance and a total of almost 300 families have moved into the parks, all of which are now low- to moderate-income homeowners. Two of the parks are 100 percent occupied, the third is 100 percent reserved and the final twenty homes are arriving from the manufacturer in the next sixty days. The quality of life in the parks has improved as blight is replaced with beautiful new homes and the quality of life for the residents has increased. Additionally, according to the Agency's pro forma, the parks are projected to operate in the black for the first time since their development by the end of next fiscal year.

The program is successful on several levels. First, almost one-third of the home spaces were vacant. Not only was this unsightly but it left the parks unable to fulfill their financial responsibilities.

REDDING RDA

Redding Hotel - Rehabilitation into 48 units of affordable rental housing for the elderly with a commercial/retail component in downtown Redding. The three-story hotel features 6 studios, 36 one-bedroom units, 6 two-bedroom units, and a manager's unit on the upper two floors. Each apartment has a full kitchen, dining area, and living area. All units have energy star-rated appliances and individually controlled heating and cooling, window coverings, and safety features. There are also a restaurant, two beauty salons, and a jewelry shop on the first floor.

The rehabilitation incorporated special design features and amenities to support independent living for the elderly residents, facilitate the delivery of services in an economical fashion, and accommodate the changing needs of the residents as they "age in place." The design elements include fully accessible corridors, common areas, building and apartment entrances, laundry rooms on each floor, a community room with computer workstations, an administration office, service coordination/ visiting services office, and a maintenance room. There is also a private, interior-landscaped courtyard.

Total project costs were $7.4 million, of which the Redding Redevelopment Agency (Agency) funded $1.9 million for acquisition, relocation, and development. The City of Redding (City), through its HOME Program, provided $700,000. The Federal Home Loan Bank's Affordable Housing Program awarded $150,000. Balance of funds were from the State Tax Credit Program.

The Agency placed affordability restrictions on 23 of the units for very-low income and 25 of the units for moderate-income households for a duration of 55 years. The tax credit program imposed more restrictive rent limitations on some of the units.

The Redding Hotel was constructed in 1927 at a time when seismic and environmental issues were virtually nonexistent. The internal residential living areas and the electric and mechanical systems in the hotel were never modernized. In later years, the deteriorating hotel became an increasing focal point for social problems in the downtown area.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Redding RDA continued)

The acquisition and renovation of the hotel was a culmination of over three years of effort. In February 2000, the Agency granted $76,000 to Christian Church Homes of Northern California, Inc., (CCH), a nonprofit 501(c)3 public benefit corporation, for the purpose of evaluating the acquisition and renovation of the hotel. Engineering and environmental studies were conducted. A soil analysis was prepared and a market study was done to determine the need for apartment units for the low-income elderly in downtown Redding.

In August 2000, CCH and its consultants concluded that, while there was an unmet need for senior housing in the downtown area, it was not financially feasible to rehabilitate the hotel. The alternative was to demolish the existing structure and construct a new, four-story building. Public concern over removal of the historic hotel and the City's adoption of the downtown Redding Specific Plan which contained policy direction to preserve the hotel caused the Agency and CCH to re-evaluate saving the hotel. In March, 2001, after considerable review of the costs and financing alternatives, the City and the Agency agreed to enter into a loan agreement with CCH for acquisition and rehabilitation of the hotel. The hotel was acquired in June 2001, tenants were relocated and given first priority to return to the hotel once it was renovated, and construction began in February 2002. Rehabilitation of the hotel was completed and the grand opening was held March 26, 2003.

The Agency and the City worked closely with CCH, to preserve a deteriorating historical landmark and address the need for safe, decent, affordable housing for low-income seniors. The Agency was involved in all elements of the acquisition and renovation. Staff members worked diligently from the inception of the idea of renovating the hotel. The Agency's first task was to find a nonprofit organization that was willing to bring the idea to fruition. Thereafter, a staff member was assigned to every component of the project.

The Agency's goal was to provide affordable housing for low-income seniors, and, at the same time, play a key role in the ongoing endeavor to revitalize Downtown Redding. This project implements key policy direction contained in the City's Downtown Redding Specific Plan and is an excellent example of concerned parties working together to serve the housing needs of the community while also preserving an important historical building.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

CITY OF RIVERSIDE RDA

The Indiana Avenue Apartments are a series of 32 fourplexes along Indiana Avenue that have deteriorated because of absentee ownership. The City of Riverside had contracted with Riverside Housing Development Corporation (RHDC), who specializes in renovating existing blighted or unsafe housing units, as well as developing new affordable housing units. In order to spur greater private investment and interest in renewing this distressed neighborhood, in 1998 RHDC began to acquire fourplexes along Indiana Avenue and rehabilitate them. RHDC was able to acquire thirteen fourplexes from HUD and private owners and completed rehabilitation on March 31, 2003. The Indiana Avenue Apartments Rehabilitation project involved the acquisition of thirteen fourplex buildings, reducing density by converting one bedroom units to two bedroom family units, creating off-street parking and green spaces, and systematically vacating a troublesome alley. Four buildings were demolished to provide green spaces and parking garages, which left nine fourplexes available to large low-income families.

In conjunction with this project, RHDC worked with Riverside's Public Utilities and the City of Riverside to install rooftop electricity-producing photovoltaic panels on the fourplexes to reduce energy costs, which save residents around $35 to $40 a month on their electric bills. Residents are proud to live in a project with cutting-edge technology and a means to reduce their electric bills.

The City of Riverside struggled for several years over what to do about the Indiana Avenue Apartments, which was an eyesore and created a highly visible and negative image of Riverside to persons traveling on the 91 freeway. Many of the apartments were in distressed conditions, tightly clustered together, and overcrowded - all elements that contributed to crime and unsafe living conditions. The fourplexes placed a significant burden on the City's Code Compliance Division and Police and Fire Departments, with innumerable calls for service.

In 1998, the City of Riverside Redevelopment Agency came up with a "cluster concept" for the Indiana Avenue Apartments, which would achieve several important goals:

- A portion of the blighted alleyway behind these units would be vacated and closed, thereby reducing drive through criminal activity;
- Overcrowded units would be eliminated while creating much needed family housing;
- Off-street parking would be increased;
- Green space and attractive landscaping would be created to increase visual appeal for the neighborhood;
- Parcels would be placed under one ownership who would be responsible for management, which would eliminate absentee landlords;

While implementing the cluster concept, the Redevelopment Agency and RHDC had to overcome challenges such as vacating the alleyway, acquisition of 13 units from various owners, and placing garages instead of carports within the project.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

SALINAS

During FY 2002-2003, construction of the 11-unit Jardines Family Town homes was completed. The project developer, Monterey County Housing Inc., is a non-profit affiliate of the Monterey County Housing Authority, which is managing the project and also owns an adjoining, renovated 17 unit apartment project. The two long, narrow parcels of the old and new projects thus share a common access driveway and enhanced parking, open space, and emergency access for both developments. The generously-sized, 1,300 sq. ft., 3-bedroom town homes were designed to accommodate families participating in an in-home child-care program developed in partnership with the Housing Authority, Monterey County Social Services, and Childrens Services International. Four families selected by Social Services and trained and overseen by Childrens Services International (a non-profit childcare provider) provide in-home childcare for up to six children in each of four units. The program achieves several goals: affordable housing; affordable and flexible child care; and occupational training and incomes for welfare families.

The long, narrow development site (70 ft. by 420 ft.) had plagued the neighborhood with illegal uses and dumping for many years. The property was acquired with Agency Housing funds and several development types were considered. Given the critical problem of affordable child care in the area, the City had considered a child care facility as part of the residential development, but the site was too small, and there were no funds available. After several meetings with child care experts and the County, the concept of in-home childcare was considered and plans were drawn accordingly. Thus, each unit has a small, private yard with covered patio, and the site also features two small tot lots.

The Agency acquired the problem property and approached the Housing Authority about its development, which would also benefit its adjoining apartment property. Agency staff then worked with the Housing Authority on the child care concept and development design features. The Agency contributed the land, in addition to considerable grant funds. This innovative housing/childcare model was also able to attract considerable foundation funding, including a $250,000 grant from the Packard Foundation.

SAN JACINTO RDA

During FY 2002/2003 the Agency completed the development of a Neighborhood/Housing Strategy. The first component of the Strategy to be implemented was the Comprehensive Code Enforcement Program and Clean-up Program in targeted neighborhoods that was funded by federal Community Development Block Grant Funds. Within the targeted neighborhoods, three clean-ups were conducted which removed several tons of debris and household waste. Additionally, more than 600 code enforcement cases were initiated that led to the enhancement of several hundred properties and the abatement of more than 100 abandoned vehicles.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(San Jacinto RDA continued)

For FY 2003/2004, the Agency hired Rosenow Spevacek Group to develop a Housing Rehabilitation Program to compliment the Comprehensive Code Enforcement Program. There is approximately $700,000 in Housing Set-aside funds earmarked for the Housing Rehabilitation Program. The program provides for grants up to $30,000 to qualified homeowners, with a primary focus on the abatement of health and safety hazards. Additionally, the Program also provides grants for emergency and minor repairs up to $5,000. It is anticipated that up to five homes may be rehabilitated with Program funds during FY 2003/2004.

SAN JOSE RDA

Mabuhay Court Senior Housing - An innovative model for providing high quality affordable housing and social services is making a critical difference for seniors in San José. Mabuhay (a Filipino word for hooray!) Court, a 96-apartment senior affordable community, and the new Northside Community Center are now serving hundreds of neighborhood residents. The apartments and new community center represent a unique partnership between the City of San José and BRIDGE Housing Corporation, a nonprofit housing provider. BRIDGE not only developed the housing complex, but also the community center, a turn-key project for the City of San José.

Mabuhay Court was completed in October 2002 and is 100 percent leased. The project consists of 96 studios, one and two-bedroom units serving extremely low- and very low-income senior citizen households. Nineteen units are affordable to extremely low-income and 77 to very low-income residents. The City of San José was successful in meeting its senior housing goals, at a relatively low cost to the City. This was achieved in light of the deep income targeting involved, an absence of other subsidies (such as project-based Section 8), and the integration of the housing with both a community center site and the surrounding low-density residential neighborhood. The total City subsidy was $8,100,000 -- $80,000 per unit. The City was successful in leveraging local redevelopment funds to achieve design and construction innovations. The following shows the financial summary for the development: (please see attached printed copy for chart).

Mabuhay Court is located within the Japantown Strong Neighborhood Initiative area (one of 26 such neighborhoods in San José). It is also located within the Japantown redevelopment area. The project, consisting of both the senior housing development and a new and expanded community center, resulted from a community driven design plan developed jointly by the City and the community in the mid 1990's. The Filipino-American Community Development Council played a significant role, as well, in creating the concept for the community center and will manage the program component of the community center. This group's strong leadership and partnership with the City and developer served as a key to the projects success.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(San Jose RDA continued)

Consolidated Plan 2000-2005 gives priority to creation of senior housing that meets the housing needs of very low- and extremely low-income seniors. Mabuhay Court addresses these stated community needs and goals. It consists of 96 studio, one and two-bedroom units serving very low-income senior citizen households. Nineteen units are affordable to extremely low-income and 77 to very low-income residents. Rents for the studios range from $300 to $450 per month. One-bedroom units rent from $425 to $750 and two bedroom units rent for $475 to $750. The Redevelopment Agency provided $550,000 in 80 percent funds in order to make the 19 extremely low-income units a possibility. The City's commitment of additional resources from the Redevelopment Agency has resulted in the creation of extremely low-income units throughout the City.

Mabuhay Court is an example of how a public agency can creatively convert poorly or underutilized infill sites into housing and other uses that serve the community. The City of San José has undertaken a program to systematically identify such sites, finance their acquisition, and develop effective plans in concert with the neighborhoods. This approach could be replicated by other communities.

SAN LEANDRO RDA

The City of San Leandro Redevelopment Agency completed a nine unit single-family home sub-division and identified forty-five potential buyers through the lottery process. The units received Certificates of Occupancy in June of 2003, and will be in escrow by July. We expect the units to close escrow at the end of the summer or early fall. The units are targeted to households earning between 80 percent and 110 percent of Area Median Income. In addition to a silent second mortgage of up to $60,000, nine Mortgage Credit Certificates were set aside for the buyers of these units to use if income qualified.

SAN CLEMENTE RDA

Jamboree Housing, Inc. - Mendocino Apartments - During FY 2002-03 Phase 1 of a 186 unit affordable apartment complex was completed, providing 124 units (62-2 bedroom apts., and 62-3 bedroom apts.) to low-income families earning 40 percent of State median income to 60 percent of Orange County median income. One hundred percent of the project will be affordable to very low-income families. The project is part of a master planned community called Talega in San Clemente. The development of Mendocino Apartments met the City's inclusionary housing requirements. Although no RDA funds were used in construction of the project, the project would not have been completed without the participation of the Housing Coordinator, thereby leveraging administrative funds to build inclusionary housing. The Housing Coordinator is paid by the Redevelopment Agency and utilizes a variety of financial resources to complete housing projects. By combining funds from a variety of sources, including State Housing bonds and tax credits, the development of Mendocino Apartments an affordable apartment complex for large families was completed.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

SAN FRANCISCO RDA

Developed by Mission Housing Development Corporation (MHDC), Rich Sorro Commons Apartments provides permanently affordable rental housing for 100 households earning 50 percent or less than the area median income. The four-story development contains 16 one-bedroom, 41 two-bedroom, 32 three-bedroom and 11 four-bedroom units. It serves a diverse population including families with children and 10 households in which an adult has disabling HIV/AIDS.

Rich Sorro Commons includes a licensed child-care facility operated by Mission Neighborhood Centers, which serves up to 40 preschool aged children in a beautiful first floor 3,200 s.f. facility with outdoor play area of approximately 3,000 s.f. Additionally, three of the apartment units have been designed to accommodate in-home child-care services. These child-care units are conveniently located, and have increased closet space for equipment as well as a larger living room to accommodate the children's activities. Also there is an on-site computer lab and community room with kitchen for residents to use.

The location is an excellent example of "smart growth" in-fill development as it is directly adjacent to major light rail and commuter trains as well as many local bus routes. There is also an agreement to provide two on-site parking spaces for City CarShare, an organization that literally shares cars and their costs among its members throughout the city and the Bay Area, a wonderful alternative to individual car ownership. Both of these amenities have enabled the development to reduce the parking ratio to less than one-to-one. The total development cost of $27 million ($270,000 per unit) is comparable to similar projects of its kind. With the inclusion of tax credit equity, the amortized debt to the project is approximately $142,000 per unit.

Rich Sorro Commons is the first housing development and first affordable housing development to be completed in Mission Bay, San Francisco's newest neighborhood. Mission Bay is a 303-acre mixed-use neighborhood that has been split into two redevelopment project areas. When completed Mission Bay will be home to over 11,000 residents, with 31,000 permanent jobs in the neighboring offices, a new campus for the University of California San Francisco, new parks, community facilities, and retail developments.

In 1999 MHDC was selected by the Agency to develop the site, which had been deeded to the Agency by the Mission Bay master developer, Catellus Corporation. In July 2002 families began moving into their new homes. The property occupies extremely valuable San Francisco real estate and is across the street from Pac Bell Park, the home of the San Francisco Giants baseball team. As of June 30, 2003, the other local developments that were either under construction or planned include many market rate rental and for-sale housing units, as well as commercial, retail and office space uses, making for a diverse and sustainable community.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(San Francisco RDA continued)

The San Francisco Redevelopment Agency played a key role in the entire development process of Rich Sorro Commons. From acquisition of the land from Catellus, to design development and assisting in structuring the financing in such a way as to most efficiently utilize varied sources including HOPWA, Section 8, tax increment, tax-exempt bonds and tax credit equity. The Agency greatly assisted the financing by providing a Standby Agreement to guarantee a portion of the bonds supported by the incremental rental income due to project-based Section 8 vouchers. By retaining ownership of the site and leasing the ground, the Agency will have the control necessary to ensure the housing will remain affordable not only for the 55-year tax credit regulatory period, but for the entire 99-year lease period. Thus, the Agency has created much needed affordable housing in an emerging new neighborhood, which will create and sustain a diverse community of San Franciscans for many years to come.

CITY OF SANTA BARBARA RDA

Casa de Las Fuentes is a 42-unit affordable housing development that was financed by the City's Redevelopment Agency. It was built to house low- and moderate-income downtown workers exclusively and is located at the intersection of Carrillo and Castillo streets, just 4 blocks from the very heart of downtown Santa Barbara.

Casa de Las Fuentes is an innovative and effective response to the City's jobs/housing imbalance. With a median single-family home sale price of $850,000 and median rent for a 2-bedroom apartment at $1,400 per month, Santa Barbara has one of the most expensive housing markets in California. The business community and city planners alike viewed the lack of affordable housing for low and moderate income downtown workers as the greatest threat to the health of the local economy and the vibrancy of the downtown area. As the community strongly opposes urban sprawl, efforts to address this problem had to adhere to principles of "smart growth."

In response, the Redevelopment Agency established the Downtown Worker Housing Program involving a broadly based public-private partnership. Casa de Las Fuentes was selected as the program's first project, and it stands as a successful and highly visible demonstration project. The Redevelopment Agency provided the City's Housing Authority with grant funds to acquire the property at a time of favorable land prices. The Redevelopment Agency also provided a deferred low-interest loan for construction. State HELP funds were used to provide a predevelopment loan. The Housing Authority secured additional funding, carried out the construction without delay, cost overrun, or disruption to neighbors, and currently manages the project. Santa Barbara Bank & Trust extended the largest possible loan at a favorable interest rate. Peikert Group Architects created a design that stretched the very limits of the site's development envelope. The City's Planning Commission approved an unprecedented 121 percent density modification along with parking and setback modifications and thereby enabled the project to attain a density of 56 units per acre.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Santa Barbara RDA continued)

Casa de Las Fuentes proudly stands at the prime gateway to downtown Santa Barbara. It provides a pleasant and peaceful setting that features quiet walkways (or paseos) and courtyards. Four large distinctive fountains (in Spanish, las Fuentes) give the project its name. It was enthusiastically hailed during its festive opening celebration at which Member of Congress Lois Capps delivered the keynote address. The event was covered by all of the local television stations and newspapers (video tapes & articles can be provided upon request). The downtown business community has embraced the project, as have regional government and organizations that promote the City's environment (as expressed in numerous letters also available upon request).

The development of Casa de Las Fuentes featured several innovative planning strategies. Tenancy is limited exclusively to low- and moderate-income downtown workers, which helps reduce the jobs-housing imbalance that threatens the local economy. Leases restrict automobile ownership to one per household, a provision enforced through access to DMV records. Tenants must also pay extra for parking. Applicant households without automobiles are placed at the head of the waiting list. These provisions plus access to alternate means of transportation help minimize traffic and parking impacts and help justify the project's high density. Residents are able to walk, bus or bike easily to work, shopping and everyday services. Thus, the project represents a responsible increase in density that does not reduce Santa Barbara's quality of life and is consistent with "smart growth" principles. It demonstrates how best to capitalize on small, in-fill sites and take full advantage of rare, underdeveloped downtown property.

Casa de Las Fuentes has also stimulated nearby redevelopment in contributing to the conversion of nearly obsolete auto-related services to mixed residential/commercial uses that are more suitable to a thriving, pedestrian-oriented downtown. As a successful demonstration project, Casa de Las Fuentes has paved the way for four other downtown worker housing projects with 150 units that are in various stages of predevelopment. Considerable private redevelopment in the area is also underway. Appraisers now report mixed residential/commercial use to be the highest and best use for property in the area.

Casa de Las Fuentes meets several of the goals, policies and objectives of the City's Housing Element and Circulation Element of the City's General Plan (see Community Support section). The primary goal of the City's Housing Element is the new creation and sound management of affordable housing. The document calls for new housing opportunities for low- as well as moderate- income households, addressing the jobs/housing imbalance, neighborhood revitalization, and developing mixed commercial/residential development downtown. The project also meets a major goal of the City's Circulation Element – increasing the use of alternate means of transportation and reducing the use of automobiles. Thus, Casa de Las Fuentes effectively meets critical General Plan goals and policies in an integrated, comprehensive fashion

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Santa Barbara RDA continued)

Most importantly, Casa de Las Fuentes provides quality affordable housing to people in need and has made huge improvements in their lives. Rents range from $481 to $815, depending on the size of the unit and the size and income of the household. No one pays more than 30 percent of their income on rent and utilities. The project is fully occupied by low- and moderate-income households working downtown. The project has succeeded in minimizing traffic and parking impacts. The rate of car ownership is far lower than as expected, as 40 percent of the households do not own cars. Tenants and management staff have expressed how terribly important the new homes are to entry-level workers, trying to make ends meet, and hoping for a brighter future.

The cost to develop Casa de Las Fuentes was $5.5 million ($131,000 per unit) – a very reasonable price considering the high quality of the housing, the high land values for prime downtown property and the area's high construction costs. The cost to the City was minimized through innovative financing that enabled City funds to leverage twice the amount in private funds. The local public subsidy required was limited to 38 percent of the total cost or $2,100,000. This equals a per-unit subsidy of only $50,000 – considerably less than the typical $80,000 to $100,000 per unit subsidy for affordable housing. Several factors contributed to the savings such as higher density, creative unit design, reduced parking requirements, shrewd land banking, and creative financing. In meeting the many goals expressed by the community, while minimizing the need for public subsidy and mitigating negative impacts, Casa de Las Fuentes represents an extraordinary value to the community.

Many California communities face similar problems caused by imbalances in job and housing markets, as exemplified by the League of California Cities' leading strategic priority for 2003: "Expand the supply of housing in California in balance with the location of jobs." Casa de Las Fuentes demonstrates how to achieve this without contributing to urban sprawl.

Casa de Las Fuentes has received awards from several professional organizations, including the following:

- League of California Cities' Helen Putnam Award
- Central Coast Chapter of the American Planning Association's Outstanding Planning Project Award
- California State Chapter of the American Planning Association's Outstanding Planning Project Award
- Three awards from the Pacific Coast Builders Association

The awards indicate how planning and housing development practitioners view the project's applicability to other California communities.

None of the resources used in developing Casa de Las Fuentes is unique to Santa Barbara. The project simply demonstrates how local resources can be used to maximum efficiency in addressing a critical community concern. Most of all, it demonstrates sound planning principles, strong citizen involvement, and good government in action.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Santa Barbara RDA continued)

In an effort to revitalize efforts in the Arlington Redevelopment Project Area, the Agency provided $1,008,268.00 of Redevelopment Agency funds and the City provided $1,882,136.00 in HOME Investment Partnership funds for the acquisition and rehabilitation of the Indiana Apartments. In funding this project, the Agency has decreased crime and blight while providing rental units for low-income families. The Redevelopment Agency has an ongoing commitment to improving the Arlington area, and will use various incentives and programs to continue the revitalization of Indiana Avenue.

SEBASTOPOL RDA

Issued $25,000 down payment on a LCH site located at Palm Drive Hospital.

THOUSAND OAKS

Sunset Villas Affordable Housing Project - During the reporting year, construction of an 11 unit multifamily rental project was completed. Area Housing Authority of the County of Ventura (AHA) was the developer, in addition will manage and rent to eligible tenants. The eligible households will be within very low- and low-income limits. The appearance of this project is similar to a market rate project. AHA will provide services for its tenants, such as the after school program. The multi-family rental project took 11 months to build.

The Area Housing Authority of the County of Ventura (AHA) requested financial assistance from the Agency in 2001 for the development of Sunset Villas, an eleven unit affordable multifamily project located at 3302 Los Robles Adjacent to Thousand Oaks Redevelopment Project Area 2. The Agency entered into an owner participation agreement with developer in December 2001. The parcel is located in an RPD zoning district established in 1986 (The Model Neighborhood Improvement Program (MONIP)). Special development standard are allowed in this district for the purpose of developing affordable housing units. AHA acquired the parcel with land-use entitlements for a11 unit multi-family market-rate project. All environmental certifications were reviewed and completed. AHA attempted to secure federal, State and private financing to construct the project, however, were unsuccessful to secure all financing. Private funding was approved, however only a limited loan commitment was obtained leaving a gap. All funding avenues were exhausted leading to AHA's decision to approach the Agency. The Agency worked with the developer for a period of two years prior to completion of project. This multi-family project took 11 months to build.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Thousand Oaks RDA continued)

The Agency's role was financial. The Sunset Villas Project was an enhancement to this neighborhood. The elimination of blight was a benefit to this area. There were no major issues on this project due to land-use or zoning regulations. The Agency supported the idea of developing an affordable multi-family project in this particular area. The Agency assisted developer with LMIHF to construct the 11 unit project. The Agency contributed $750,000. The developer was required to meet all development standards as set by the City for affordable housing projects, which was to develop the project as close to the market rate standards as possible. Enhancements and upgrades were made to project in order to enhance the exterior appearance of the project to meet City standards. This project truly enhanced this neighborhood. The Agency's intent is to continue the efforts of producing affordable housing in the MONIP district as well as other areas, inclusive of the project areas.

WATSONVILLE RDA

During FY 2002-2003, construction of the first phase of the Vista Nueva Town homes project was completed. The Watsonville Redevelopment Agency partnered with the Watsonville YouthBuild Program. The Agency provided construction financing along with development and construction management. In addition to providing construction financing, the Agency assisted the project by purchasing the site, incorporating excess City right-of-way, subdividing the property and provided day-to-day construction management. The second and third mortgage loans were funded with HOME funds.

The YouthBuild Program took at-risk young adults and built the units as a construction training aid while also helping the students earn their high school diplomas. Second, with new homes moving in the value of the homes around them increased and the existing tenants started to take pride in their homes. Third, the parks became so popular that people in moderate-income brackets that were ineligible for our MAP help, wanted to move into the parks. Fourth, these homes are affordable. The family’s monthly housing costs do not exceed 30 percent. Fifth, the program was a concerted effort between mobile home dealers, mortgage companies and the Agency.

This MAP assistance has been the Agency’s most successful to date. Our evaluation goals are families served and total outcome. The MAP assistance directly helped 91 families, however overall, the momentum it gave the entire affordable project accounted for almost 300 families becoming homeowners.

WHITTIER RDA

In Fiscal Year 2002-03, the City and Agency continued the promotion of redevelopment. Most notably, the future of Whittier Boulevard has been reviewed to determine its future zoning. This effort will assist with the redevelopment in this area, as well as provide new zoning for housing. In addition, new interest from developers surfaced for the creation of housing in redevelopment project areas.

REDEVELOPMENT AGENCY ACHIEVEMENT DESCRIPTIONS

(Whittier RDA continued)

Whittier Commercial Corridor Project Area - The Agency has worked in conjunction with the City to crate a Whittier Boulevard Specific Plan. The creation of this plan will create new zoning for Whittier Boulevard and will benefit the Agency in its efforts to improve this project area.

In Fiscal Year 2002-03, the Whittwood Mall was purchased. The developer has plans underway to redevelop the mall as well as create new housing opportunities in the City. This action will positively influence other redevelopment efforts in this project area.

Whittier Boulevard Project Area - In Fiscal Year 2002-03, the City began to study the possibility of applying for a Brownfields Economic Development Initiate Grant (BEDI) from the federal government and Section 108 loan. The capture of these funds would provide additional funding to make public improvements in this project area.

Greenleaf Avenue/Uptown Whittier - The Lee Owens Park, which serves this project area, was expanded in 2002-03 to include a "spray zone" for children. In addition, the City's transit staff moved into the newly restored historic Whittier Southern Pacific Depot.

Earthquake Recovery Project Area - In Fiscal Year 2002-03, there was significant interest in housing development in the Uptown Whittier area. In order to make this possible, City staff began the task of exploring the possibility of amending the Uptown Specific Plan. The addition of housing to this project area may generate increased redevelopment efforts.